

Statistics and analyses

2013 Report  
on corporate governance  
of Italian listed companies



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This *Report* is an annual publication including data on ownership and control structure, corporate boards, annual general meetings and related party transactions of Italian listed companies.

This report is joint work of the Research Department (Unit of Economic Studies) and the Corporate Governance Department.

This report was prepared by:

Nadia Linciano (coordinator)

Angela Ciavarella

Valerio Novembre

Rossella Signoretti

Research assistants: Federica Apruzzese, Eugenia Della Libera and Elisa Iacobini.

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The following conventional signs are used in the tables:

- quantity identified as zero;
- the phenomenon does not exist;
- .... the phenomenon exists but the figures are unknown;
- .. the figures are below the significance threshold.

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Editorial secretary: Eugenia Della Libera

For information and clarifications

write to: [studi\\_analisi@consob.it](mailto:studi_analisi@consob.it).

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## Executive summary

Evidence on the control model and ownership structure of listed firms confirms the traditional features of the Italian market in terms of high ownership concentration and limited contestability of control. However, in recent years there has been a progressive dilution of major controlling shareholders towards weaker forms of control or voting agreements. As for the identity of owners, Italian listed companies are still mainly in the hands of families, which control almost two thirds of the market (equivalent to 26 percent of market capitalization) and the greatest part of the Italian industrial sector. The State has also maintained a relevant role, especially in large utilities. Differently, the financial industry has been unique in accomplishing a more disperse ownership structure.

Possibly as a reaction to an increasing market pressure, control enhancing mechanisms, namely pyramid structures and non-voting shares, have sharply declined from 1998 to 2012. Currently, this phenomenon regards one fifth of total listed companies (equivalent to about 35 percent of market capitalization), creating a wedge between voting rights and cash flow rights of about 19 percent on average. In particular, companies issuing non-voting shares have declined from 120 in 1992 to 32 in 2012. Market pressure is mainly due to the presence of institutional investors in listed companies' ownership structure, which has been almost stable through the crisis. In this regard, an interesting evidence comes from the stakes held by institutional investors with a more active portfolio strategy (namely, venture capital, private equity and sovereign funds), which are gaining an increasing role in the Italian market.

Regarding boards, changes in their composition have mainly been prompted by regulatory novelties. Firstly, female representation has faced a huge increase in the last few years, even though most women on boards still hold non-executive roles. Secondly, multiple directorships have decreased since 2011 in the financial sector, where the percentage of companies with no interlockers on the board went from 12 to 20 percent while the percentage of companies with interlockers being the majority of board members declined from 16.9 to 3.7 percent. Finally, several years after their first binding introduction, minority and/or independent directors are quite widespread across companies (42.6 percent of total board members). As a consequence, Italian listed companies boards are now much more diverse than they used to be.

Records on Italian listed companies' AGMs confirm their role as a forum for corporate dialectic. While institutional investors are gaining an increasing role, especially when they are foreign and invest in large and medium-sized financial and services companies, most AGMs are still firmly in the hands of controlling shareholders. Consequently, evidence that the Say-on-Pay mechanism has prompted in its first implementation more than 5 percent votes against the remuneration policy (3.6 by institutional investors) should not be underestimated. The slight decrease of shareholders' dissent in 2013 could instead be interpreted as an indication that some changes to remuneration policies have been achieved in the meanwhile. The breakdown of Say-on-Pay information by ownership structure and board characteristics shows that shareholders' dissent is mainly concentrated in widely held, weakly controlled and coalition-controlled companies and in firms where the remuneration committee is present, maybe because it acts as a conduit of information to shareholders.

As for related party transactions, data highlight that companies have taken advantage of the degrees of flexibility provided for by Consob menu rules on fairness procedures. What is more relevant for the sake of data analysis, Consob Regulation has led to in-depth disclosure on a considerable number of material RPTs (nearly 80 transactions a year). It emerges that transactions concerning a portion of companies' cash flow but not affecting long-term productive assets represent the majority of RPTs that have been disclosed since 2011, while transactions regarding equity or assets are less frequent. Around 80 percent transactions involve controlling shareholders (or shareholders having a significant influence) as counterparts, while non-shareholders directors and subsidiaries are less frequent. Finally, material RPTs are often reported by financial or industrial small-sized companies while material RPTs in the ordinary course of business are more common among blue chips and utilities.

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## Sintesi

Le rilevazioni sui modelli di controllo e la struttura proprietaria delle imprese quotate confermano le tradizionali caratteristiche del mercato italiano in termini di concentrazione proprietaria e di limitata contendibilità del controllo. Tuttavia, in anni recenti si è assistito a una progressiva diluizione degli azionisti di maggioranza a favore di forme di controllo più deboli o di tipo coalizionale. In particolare, mentre nel 1998 le società controllate di diritto erano il 56 per cento del totale (31,2 per cento in termini di capitalizzazione), nel 2013 esse rappresentano il 49 per cento dell'insieme delle società quotate (24,8 per cento in termini di capitalizzazione). Al contrario, la percentuale delle società controllate con partecipazioni inferiori al 50 per cento del capitale o attraverso patti parasociali è passata dal 28 al 36 per cento (dal 30 al 53 per cento circa in termini di valore di mercato). Per quanto riguarda l'identità degli azionisti di controllo (cosiddetto "*ultimate controlling agent*"), le famiglie rivestono un ruolo rilevante in quanto a esse sono riconducibili quasi i due terzi delle società quotate (prevalentemente piccole società operanti nel settore industriale, equivalenti a circa un quarto della capitalizzazione di mercato). Lo Stato è invece azionista di riferimento in imprese di maggiori dimensioni operanti nel settore dei servizi. Infine, le società non controllate sono prevalentemente finanziarie.

L'utilizzo di meccanismi di separazione tra proprietà e controllo come piramidi e azioni senza diritto di voto si è ridotto sensibilmente dal 1998 al 2012, anche in reazione alla pressione del mercato. Oggi tale fenomeno riguarda soltanto un quinto delle società quotate (34,7 per cento della capitalizzazione), nelle quali in media i diritti di voto superano i diritti ai flussi di cassa di circa il 19 per cento. La pressione del mercato è dovuta principalmente alla presenza di investitori istituzionali nell'assetto proprietario delle società quotate, rimasta piuttosto stabile durante la crisi. In particolare, dal 2009 ad oggi il numero di società in cui è presente almeno un investitore istituzionale rilevante è in media di poco superiore a 90 e la quota di partecipazione media è pari a circa il 7 per cento. A questo riguardo, un dato interessante giunge dall'analisi delle quote detenute da investitori istituzionali con una strategia di portafoglio più attiva (in particolare, fondi di *venture capital* e *private equity* e fondi sovrani), che mostrano un ruolo crescente nel mercato italiano.

Per quanto riguarda gli organi di amministrazione, l'evoluzione della relativa composizione è originata soprattutto da disposizioni legislative e regolamentari. In primo luogo, a seguito dell'emanazione della Legge 120/2011

(entrata in vigore nell'agosto 2012), la rappresentanza femminile è cresciuta in modo consistente negli ultimi anni. A fine giugno 2013 il 17 per cento dei posti di consigliere risulta ricoperto da donne (a fine 2011 erano il 7,4 per cento) e in 198 imprese (135 a fine 2011) almeno una donna siede nel *board*. Tuttavia, le donne ricoprono principalmente cariche non esecutive: sono amministratori indipendenti nel 60 per cento dei casi, mentre solo il 3,2 per cento delle donne riveste il ruolo di amministratore delegato. In secondo luogo, a seguito dell'entrata in vigore della Legge 214/2011, sono diminuiti sensibilmente i casi di *interlocking* nel settore finanziario, dove la percentuale di società in cui non sono presenti amministratori *interlockers* è passata dal 12 per cento nel 2011 al 20 per cento nel 2013 e dove la percentuale di società in cui il fenomeno interessa più della metà del *board* si è ridotta dal 16,9 al 3,7 per cento. Con riferimento all'insieme delle quotate, in ogni società sono presenti in media due amministratori *interlockers*, pari a un quinto del totale dei membri. Infine, il 44 per cento circa degli organi di amministrazione è composto da amministratori indipendenti. Il numero medio di amministratori indipendenti (secondo i criteri indicati nel Testo unico della finanza - Tuf e nel Codice di Autodisciplina) è maggiore nel settore finanziario, seguito dal settore dei servizi e da quello industriale. Gli amministratori di minoranza sono presenti in 93 società e sono in media 1,7.

I dati sulle assemblee confermano il ruolo rilevante delle stesse nella dialettica societaria. Mentre gli investitori istituzionali mostrano un ruolo crescente (la quota media detenuta da questi in assemblea nell'ultimo anno è passata dal 6,1 al 7,2 per cento), specialmente se sono stranieri e investono in società finanziarie e di servizi di grande e media dimensione, la gran parte delle assemblee rimane saldamente nelle mani degli azionisti di controllo in ragione degli assetti proprietari concentrati. Pertanto, il fatto che alla prima applicazione del meccanismo del *say-on-pay* più del 5 per cento dei votanti non si sia espresso a favore della politica di remunerazione sembra non privo di significato, specie se si considera che il dissenso è dovuto principalmente al voto degli investitori istituzionali (3,6 per cento). Se si osserva, infine, la distribuzione del voto in materia di politica di remunerazione per tipologia di assetto proprietario e caratteristiche degli organi di governo, emerge che il dissenso degli azionisti è meno frequente nelle società controllate di diritto e in quelle in cui non esiste il comitato per le remunerazioni.

Con riguardo alle operazioni con parti correlate, l'analisi delle procedure adottate in sede di prima attuazione del Regolamento mostra che le società quotate hanno fatto ampio uso della flessibilità concessa dalla disciplina. In applicazione delle nuove regole in materia di trasparenza, un numero considerevole di operazioni di maggiore rilevanza ha dato luogo alla pubblicazione di un documento informativo (circa 80 per anno; per il 2013 il

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dato a giugno si attesta a 35 operazioni). In un caso su quattro l'operazione ha comportato il trasferimento di *asset* ceduti o acquistati dalla parte correlata, mentre con minor frequenza (in circa il 19 per cento dei casi) si è trattato di operazioni sul capitale. In oltre la metà delle operazioni di maggiore rilevanza il contratto concluso con la parte correlata ha interessato i flussi di cassa dell'impresa (ad esempio operazioni di finanziamento, prestazione di beni/servizi), non producendo effetti di lungo termine sui suoi fattori produttivi. Inoltre, nell'80 per cento delle operazioni le controparti sono azionisti di controllo o soci che esercitano un'influenza significativa; più rari sono i casi di operazioni poste in essere con amministratori che non siano anche azionisti e con società controllate o collegate. Infine, le operazioni di maggiore rilevanza sono state prevalentemente poste in essere da società finanziarie o industriali di piccole dimensioni; quelle esentate, in quanto ordinarie e a condizioni di mercato, hanno riguardato in prevalenza società a elevata capitalizzazione e *utilities*.

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## Ownership and control structure

Records at the end of June 2013 on the control model and ownership structure of Italian listed firms confirm the traditional features of the Italian market in terms of high ownership concentration and limited contestability of control.

The breakdown of listed companies by control models did not undergo significant changes in the last four years, provided that in more than two firms out of three a single shareholder can either exercise a majority control (i.e. holds more than half of the ordinary shares – “majority controlled companies”), or play a dominant role even owning a stake lower than 50 percent (“weakly controlled companies”). Coalitional control structures keep being relevant: in June 2013 43 firms out of 247 are controlled by a group of shareholders under a voting agreement. Finally, in line with the historical record, 11 companies are classified as widely held. With respect to 1998 data show a reduction of majority controlled companies and an increase of weakly controlled firms and coalitions, both in terms of number and capitalization (Table 1.2).

Regarding the ownership structure, in June 2013 the average stake held by the largest shareholder is approximately 47 percent of the ordinary shares, almost stable with respect to the 1998 record. Similarly, the average stake held by other major shareholders has not changed very much, ranging from nearly 15 percent in 1998 to around 17 percent at the end of the first semester 2013. Finally, in June 2013 the market (i.e. shareholders with a stake lower than 2 percent) holds around 37 percent of ordinary shares with voting rights, again in line with the 1998 figure (Table 1.5).

Among “ultimate controlling shareholders” the major role is played by families: they control almost 61 percent of the firms (around 26 percent of total market capitalization), especially smaller companies operating in the industrial sector. State and local authorities are mostly present in largest firms and in the services industry. As for financial firms, in more than half of the cases an ultimate controlling shareholder cannot be identified since companies are mostly not controlled (Table 1.8 and Table 1.9).

After having recorded a few changes, the presence of institutional investors in Italian listed companies is in line with the 2009 figures. In particular, at the end of June 2013 the number of firms where they hold relevant stakes is equal to 92, while the average shareholding is about 6.6 (Tables 1.10-1.12). Across the 2009-2013 period, the breakdown of the number of stakes by the type of institutional investor shows that banks and insurance companies are almost stable, while private equity, venture capital and sovereign funds raised steadily their stakes (from 11 in 2009 to 35 in 2013; Tables 1.13-1.15).

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As for the separation between ownership and control, data at the end of 2012 show that companies recur less to control enhancing mechanisms than in 1998. In particular, the use of pyramid structures, although stable in recent years, shows a strong reduction with respect to 1998, both in terms of number of companies and market capitalization. From 1998 to 2012 the percentage of firms belonging to pyramids or to the vertical structure of a mixed group halved (from 38.5 to 19.5 percent of all listed companies), while the share of market capitalization declined by 20 percentage points (Table 1.16). In these firms voting rights are on average 18.6 percent higher than cash flow rights (Table 1.17).

In the last twenty years, the use of non-voting shares (preference and savings shares) declined too. In 2012 firms issuing non-voting shares were 32, compared to the 120 in 1992 (Table 1.18). At the end of 2012 ownership ceilings are envisaged in 20 firms (mainly cooperatives and privatized companies), representing more than 40 percent of total market value (Table 1.20). Overall, more than two Italian listed firms out of ten separate ownership from control by making recourse to non-voting shares and/or to pyramidal groups: this results in a wedge between voting rights and cash flow rights equal on average to 19.2 percent (Table 1.21).

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**Table 1.1 – Market capitalization of Italian listed companies by industry**  
(end of June 2013)

	companies		capitalization <sup>1</sup>			
	no.	%	mean	median	total	%
financial	55	22.2	1.832	408	100.796	29.1
industrial	138	55.9	1.187	85	163.905	47.3
services	54	21.9	1.511	106	81.605	23.6
<i>total</i>	<i>247</i>	<i>100.0</i>	<i>1.402</i>	<i>102</i>	<i>346.307</i>	<i>100.0</i>

Source: Borsa Italiana spa. Data on Italian companies with ordinary shares listed on Borsa Italiana spa - Mta Stock Exchange. <sup>1</sup> Capitalization of the ordinary shares of Italian listed companies (millions of euro). Industry classification by Borsa Italiana spa.

**Table 1.2 – Control model of Italian listed companies**  
(end of the year; for 2013, end of June)

	controlled companies						non-controlled companies						total	
	majority controlled <sup>1</sup>		weakly controlled <sup>2</sup>		controlled by a shareholders' agreement <sup>3</sup>		cooperative companies		widely held <sup>4</sup>		non-widely held <sup>5</sup>		no.	% market cap <sup>6</sup>
	no.	% market cap <sup>6</sup>	no.	% market cap <sup>6</sup>	no.	% market cap <sup>6</sup>	no.	% market cap <sup>6</sup>	no.	% market cap <sup>6</sup>	no.	% market cap <sup>6</sup>		
1998	122	31.2	33	21.8	28	8.3	10	3.1	10	24.1	13	11.5	216	100.0
2010	128	20.6	51	43.3	51	12.0	8	3.4	11	20.3	21	0.4	270	100.0
2011	123	23.0	54	45.8	49	11.3	8	3.2	8	16.4	18	0.3	260	100.0
2012	123	22.7	48	44.0	45	10.2	8	3.2	10	19.2	17	0.7	251	100.0
2013	121	24.8	47	41.0	43	12.3	8	2.7	11	18.9	17	0.3	247	100.0

Source: Consob. Data on Italian companies with ordinary shares listed on Borsa Italiana spa - Mta Stock Exchange. <sup>1</sup> Companies not controlled by a shareholders' agreement where a single shareholder owns more than half of the ordinary shares. <sup>2</sup> Companies neither controlled by a shareholders' agreement nor majority controlled, included in one of the following categories: *i*) a single shareholder holds at least 30 percent of the ordinary shares; *ii*) a single shareholder holds a stake *a*) at least equal to 20 percent of the ordinary shares and *b*) higher than half of the sum of the ordinary shares held by all the major shareholders (i.e. by shareholders with more than 2%). <sup>3</sup> Classified in one of the following categories: *i*) listed companies, not controlled by a single shareholder, on whose capital exists a shareholders' agreement regarding at least 20 percent of the ordinary shares; *ii*) listed companies controlled by an unlisted company, not controlled by a single shareholder, on whose capital exists a shareholders' agreement regarding the majority of the capital. <sup>4</sup> Companies neither controlled by a single shareholder (majority controlled and weakly controlled) nor by a shareholders' agreement with a free float higher than 70 percent of the ordinary shares. <sup>5</sup> Companies not included in any of the previous models. <sup>6</sup> Market value of ordinary shares of companies in each group in percentage of the market capitalization of ordinary shares of all listed companies.

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**Table 1.3 – Control model of Italian listed companies by market index**  
(end of June 2013)

	controlled companies						non-controlled companies						total	
	majority controlled <sup>1</sup>		weakly controlled <sup>2</sup>		controlled by a shareholders' agreement <sup>3</sup>		cooperative companies		widely held <sup>4</sup>		non-widely held <sup>5</sup>		no.	% market cap <sup>6</sup>
	no.	% market cap <sup>6</sup>	no.	% market cap <sup>6</sup>	no.	% market cap <sup>6</sup>	no.	% market cap <sup>6</sup>	no.	% market cap <sup>6</sup>	no.	% market cap <sup>6</sup>		
<b>Ftse Mib</b>	10	18.1	13	45.9	8	11.6	4	2.3	4	22.1	0	0.0	39	100.0
<b>Mid Cap<sup>7</sup></b>	22	56.3	8	20.3	5	15.9	3	7.5	0	0.0	0	0.0	38	100.0
<b>Star<sup>7</sup></b>	37	65.5	8	6.5	11	15.6	1	0.2	3	6.5	8	5.7	68	100.0
<b>other</b>	52	69.3	18	8.5	19	15.2	0	0.0	4	2.4	9	4.6	102	100.0
<b>total</b>	<b>121</b>	<b>24.8</b>	<b>47</b>	<b>41.0</b>	<b>43</b>	<b>12.3</b>	<b>8</b>	<b>2.7</b>	<b>11</b>	<b>18.9</b>	<b>17</b>	<b>0.3</b>	<b>247</b>	<b>100.0</b>

Source: Consob. Data on Italian companies with ordinary shares listed on Borsa Italiana spa - Mta Stock Exchange. <sup>1</sup> Companies not controlled by a shareholders' agreement where a single shareholder owns more than half of the ordinary shares. <sup>2</sup> Companies neither controlled by a shareholders' agreement nor majority controlled, included in one of the following categories: *i*) a single shareholder holds at least 30 percent of the ordinary shares; *ii*) a single shareholder holds a stake *a*) at least equal to 20 percent of the ordinary shares and *b*) higher than half of the sum of the ordinary shares held by all the major shareholders (i.e. by shareholders with more than 2%). <sup>3</sup> Classified in one of the following categories: *i*) listed companies, not controlled by a single shareholder, on whose capital exists a shareholders' agreement regarding at least 20 percent of the ordinary shares; *ii*) listed companies controlled by an unlisted company, not controlled by a single shareholder, on whose capital exists a shareholders' agreement regarding the majority of the capital. <sup>4</sup> Companies neither controlled by a single shareholder (majority controlled and weakly controlled) nor by a shareholders' agreement with a free float higher than 70 percent of the ordinary shares. <sup>5</sup> Companies not included in any of the previous models. <sup>6</sup> Market value of ordinary shares of companies in each group in percentage of the market capitalization of ordinary shares of all companies included in each market index. <sup>7</sup> Companies both in the Star and in the Mid Cap indexes are included only in the Star category.

**Table 1.4 – Control model of Italian listed companies by industry**  
(end of June 2013)

	controlled companies						non-controlled companies						total	
	majority controlled <sup>1</sup>		weakly controlled <sup>2</sup>		controlled by a shareholders' agreement <sup>3</sup>		cooperative companies		widely held <sup>4</sup>		non-widely held <sup>5</sup>		no.	% market cap <sup>6</sup>
	no.	% market cap <sup>6</sup>	no.	% market cap <sup>6</sup>	no.	% market cap <sup>6</sup>	no.	% market cap <sup>6</sup>	no.	% market cap <sup>6</sup>	no.	% market cap <sup>6</sup>		
<b>financial</b>	21	13.7	9	5.2	6	10.6	8	9.1	4	60.9	7	0.5	55	100.0
<b>industrial</b>	76	33.6	29	55.2	21	8.9	0	0.0	5	2.0	7	0.4	138	100.0
<b>services</b>	24	21.0	9	56.7	16	21.1	0	0.0	2	1.2	3	0.0	54	100.0
<b>total</b>	<b>121</b>	<b>24.8</b>	<b>47</b>	<b>41.0</b>	<b>43</b>	<b>12.3</b>	<b>8</b>	<b>2.7</b>	<b>11</b>	<b>18.9</b>	<b>17</b>	<b>0.3</b>	<b>247</b>	<b>100.0</b>

Source: Consob. Data on Italian companies with ordinary shares listed on Borsa Italiana spa - Mta Stock Exchange. Industry classification by Borsa Italiana spa. <sup>1</sup> Companies not controlled by a shareholders' agreement where a single shareholder owns more than half of the ordinary shares. <sup>2</sup> Companies neither controlled by a shareholders' agreement nor majority controlled, included in one of the following categories: *i*) a single shareholder holds at least 30 percent of the ordinary shares; *ii*) a single shareholder holds a stake *a*) at least equal to 20 percent of the ordinary shares and *b*) higher than half of the sum of the ordinary shares held by all the major shareholders (i.e. by shareholders with more than 2%). <sup>3</sup> Classified in one of the following categories: *i*) listed companies, not controlled by a single shareholder, on whose capital exists a shareholders' agreement regarding at least 20 percent of the ordinary shares; *ii*) listed companies controlled by an unlisted company, not controlled by a single shareholder, on whose capital exists a shareholders' agreement regarding the majority of the capital. <sup>4</sup> Companies neither controlled by a single shareholder (majority controlled and weakly controlled) nor by a shareholders' agreement with a free float higher than 70 percent of the ordinary shares. <sup>5</sup> Companies not included in any of the previous models. <sup>6</sup> Market value of ordinary shares of companies in each group in percentage of the market capitalization of ordinary shares of all companies included in each industry.

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**Table 1.5 – Ownership concentration in Italian listed companies**  
(end of the year; for 2013, end of June)

	largest shareholder <sup>1</sup>		other major shareholders <sup>2</sup>		market <sup>3</sup>		controlling share <sup>4</sup>	
	simple mean	weighted mean <sup>5</sup>	simple mean	weighted mean <sup>5</sup>	simple mean	weighted mean <sup>5</sup>	simple mean	weighted mean <sup>5</sup>
1998	48.7	34.7	14.7	10.0	36.5	55.3	51.7	35.0
2010	46.0	34.0	17.9	13.5	36.1	52.5	49.0	34.5
2011	46.1	35.7	17.6	11.4	36.3	52.9	49.7	35.7
2012	46.8	34.8	16.9	9.4	36.4	55.8	49.6	34.4
2013	46.8	35.9	16.6	9.3	36.6	54.8	49.7	37.3

Source: Consob. Data on Italian companies with ordinary shares listed on Borsa Italiana spa – Mta Stock Exchange. Cooperatives are excluded. <sup>1</sup> Means of the ordinary shares held by the largest shareholder of all Italian listed companies. <sup>2</sup> Means of the ordinary shares held by all major shareholders other than the largest. <sup>3</sup> Means of the ordinary shares not held by major shareholders (i.e. by shareholders with less than 2 percent). <sup>4</sup> Means of the ordinary shares held by the largest shareholder in companies not controlled by a shareholders' agreement and held by the coalition in companies controlled by a shareholders' agreement. The controlling stake is assumed zero in widely held companies. <sup>5</sup> Weighted by the market value of ordinary shares.

**Table 1.6 – Ownership concentration in Italian listed companies by market index**  
(end of June 2013)

	largest shareholder <sup>1</sup>		other major shareholders <sup>2</sup>		market <sup>3</sup>		controlling share <sup>4</sup>	
	simple mean	weighted mean <sup>5</sup>	simple mean	weighted mean <sup>5</sup>	simple mean	weighted mean <sup>5</sup>	simple mean	weighted mean <sup>5</sup>
Ftse Mib	39.3	33.2	10.2	8.1	50.5	58.7	42.2	34.5
Mid Cap <sup>6</sup>	51.4	50.0	15.7	15.2	33.0	34.8	55.1	54.6
Star <sup>6</sup>	47.2	51.1	18.0	16.7	34.7	32.2	48.7	51.7
other	47.5	54.8	18.2	18.2	34.4	27.0	51.0	57.4
<i>total</i>	<i>46.8</i>	<i>35.9</i>	<i>16.6</i>	<i>9.3</i>	<i>36.6</i>	<i>54.8</i>	<i>49.7</i>	<i>37.3</i>

Source: Consob. Data on Italian companies with ordinary shares listed on Borsa Italiana spa – Mta Stock Exchange. Cooperatives are excluded. <sup>1</sup> Means of the ordinary shares held by the largest shareholder of all Italian listed companies. <sup>2</sup> Means of the ordinary shares held by all major shareholders other than the largest. <sup>3</sup> Means of the ordinary shares not held by major shareholders (i.e. by shareholders with less than 2 percent). <sup>4</sup> Means of the ordinary shares held by the largest shareholder in companies not controlled by a shareholders' agreement and held by the coalition in companies controlled by a shareholders' agreement. The controlling stake is assumed zero in widely held companies. <sup>5</sup> Weighted by the market value of ordinary shares. <sup>6</sup> Companies both in the Star and in the Mid Cap indexes are included only in the Star category.

**Table 1.7 – Ownership concentration in Italian listed companies by industry**  
(end of June 2013)

	largest shareholder <sup>1</sup>		other major shareholders <sup>2</sup>		market <sup>3</sup>		controlling share <sup>4</sup>	
	simple mean	weighted mean <sup>5</sup>	simple mean	weighted mean <sup>5</sup>	simple mean	weighted mean <sup>5</sup>	simple mean	weighted mean <sup>5</sup>
financial	42.1	20.4	18.9	17.6	39.0	62.0	44.4	22.7
industrial	49.0	43.1	16.2	6.6	34.9	50.3	51.1	22.7
services	45.3	38.9	15.7	5.6	39.0	55.4	50.5	41.4
<i>total</i>	<i>46.8</i>	<i>35.9</i>	<i>16.6</i>	<i>9.3</i>	<i>36.6</i>	<i>54.8</i>	<i>49.7</i>	<i>37.3</i>

Source: Consob. Data on Italian companies with ordinary shares listed on Borsa Italiana spa – Mta Stock Exchange. Industry classification by Borsa Italiana spa. Cooperatives are excluded. <sup>1</sup> Means of the ordinary shares held by the largest shareholder of all Italian listed companies. <sup>2</sup> Means of the ordinary shares held by all major shareholders other than the largest. <sup>3</sup> Means of the ordinary shares not held by major shareholders (i.e. by shareholders with less than 2 percent). <sup>4</sup> Means of the ordinary shares held by the largest shareholder in companies not controlled by a shareholders' agreement and held by the coalition in companies controlled by a shareholders' agreement. The controlling stake is assumed zero in widely held companies. <sup>5</sup> Weighted by the market value of ordinary shares.

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**Table 1.8 – Identity of owners in Italian listed companies by market index**  
(end of 2012)

	Ftse Mib			Mid Cap <sup>1</sup>			Star <sup>1</sup>			other			total		
	no.	weight <sup>2</sup>	% market cap <sup>3</sup>	no.	weight <sup>2</sup>	% market cap <sup>3</sup>	no.	weight <sup>2</sup>	% market cap <sup>3</sup>	no.	weight <sup>2</sup>	% market cap <sup>3</sup>	no.	weight <sup>2</sup>	% market cap <sup>3</sup>
families	16	43.2	21.9	19	48.7	47.4	49	73.1	67.9	68	63.0	53.6	152	60.6	26.4
state and local authorities	9	24.3	46.9	5	12.8	10.8	3	4.5	12.1	5	4.6	4.6	22	8.8	41.7
financial institutions	--	--	--	3	7.7	5.2	--	--	--	6	5.6	6.8	9	3.6	0.6
mixed <sup>4</sup>	3	8.1	5.8	5	12.8	17.5	2	3.0	5.2	10	9.3	10.2	20	8.0	6.8
no UCA <sup>5</sup>	9	24.4	25.4	7	18.0	19.1	13	19.4	14.8	19	17.6	24.9	48	19.1	24.5

Source: Consob. Data on Italian companies with ordinary shares listed on Borsa Italiana spa - Mta Stock Exchange. <sup>1</sup> Companies both in the Star and in the Mid Cap indexes are included only in the Star category. <sup>2</sup> Number of companies in each group in percentage of the total number of companies included in each market index. <sup>3</sup> Market value of ordinary shares of companies in each group in percentage of market capitalization of ordinary shares of all companies included in each market index. <sup>4</sup> Companies not included in any of the previous category (e.g. companies controlled by both financial institutions and families or controlled by many natural persons). <sup>5</sup> Non-controlled companies (i.e. cooperative companies, widely held, non-widely held – see Table 1.2) and listed companies controlled by a non-controlled company.

**Table 1.9 – Identity of the “ultimate controlling agent” (UCA) in Italian listed companies by industry**  
(end of 2012)

	financial			industrial			services			total		
	no.	weight <sup>1</sup>	% market cap <sup>2</sup>	no.	weight <sup>1</sup>	% market cap <sup>2</sup>	no.	weight <sup>1</sup>	% market cap <sup>2</sup>	no.	weight <sup>1</sup>	% market cap <sup>2</sup>
families	17	31.5	7.0	109	76.8	42.7	26	47.3	15.7	152	60.6	26.4
state and local authorities	2	3.7	2.8	7	4.9	49.5	13	23.6	69.8	22	8.8	41.7
financial institutions	2	3.7	1.1	5	3.5	0.5	2	3.6	0.1	9	3.6	0.6
mixed <sup>3</sup>	4	7.4	5.7	7	4.9	4.0	9	16.4	13.5	20	8.0	6.8
no UCA <sup>4</sup>	29	53.7	83.4	14	9.9	3.3	5	9.1	0.9	48	19.1	24.5

Source: Consob. Data on Italian companies with ordinary shares listed on Borsa Italiana spa - Mta Stock Exchange. Industry classification by Borsa Italiana spa. <sup>1</sup> Number of companies in each group in percentage of the total number of companies included in each industry. <sup>2</sup> Market value of ordinary shares of companies in each group in percentage of market capitalization of ordinary shares of all companies included in each industry. <sup>3</sup> Companies not included in any of the previous category (e.g. companies controlled by both financial institutions and families). <sup>4</sup> Non-controlled companies (i.e. cooperative companies, widely held, non-widely held – see Table 1.2) and listed companies controlled by a non-controlled company.

**Table 1.10 – Major institutional investors' shareholdings in Italian listed companies**  
(end of the year; for 2013, end of June)

	at least one institutional investor		at least one Italian institutional investor		at least one foreign institutional investor	
	no. of companies	mean shareholding <sup>1</sup>	no. of companies	mean shareholding <sup>1</sup>	no. of companies	mean shareholding <sup>1</sup>
2009	92	6.4	57	5.2	47	6.2
2010	98	7.3	57	6.1	56	6.5
2011	93	7.2	60	6.2	50	5.9
2012	92	7.2	56	6.1	52	6.1
2013	92	6.6	52	6.1	55	5.2

Source: Consob. Data on Italian listed companies with ordinary shares listed on Borsa Italiana spa - Mta Stock Exchange. Major institutional investors are defined as those which are subject to reporting obligations according to Consob rules (art. 119 bis, par. 7 and 8 of the Issuers Regulation) and whose shareholdings are lower than 10%. The underlying hypothesis is that investors holding more than 10% of a company's capital are not institutional. Major shareholdings disclosure thresholds have changed twice in the observed period. Firstly, asset managers holding more than 5 percent of a company's capital have been exempted from reporting obligation with Consob Resolution no. 16850, adopted on 1<sup>st</sup> April 2009. Later, with Consob Resolution no. 18214, adopted on 9<sup>th</sup> May 2012, the exemption has been widened to include also alternative funds such as private equity and venture capital. Consequently, in order to make the series comparable across time, in each year shareholdings by asset managers, private equity and venture capital are included if higher than 5%, while other investors are included if their stake is higher than 2%. <sup>1</sup> Simple mean of shareholdings by institutional investors in all listed companies where at least one institutional investor of the relevant category is present.



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**Table 1.11 – Major institutional investors' shareholdings in Italian listed companies by market index**  
(end of June 2013)

	at least one institutional investor		at least one Italian institutional investor		at least one foreign institutional investor	
	no. of companies	mean shareholding <sup>1</sup>	no. of companies	mean shareholding <sup>1</sup>	no. of companies	mean shareholding <sup>1</sup>
Ftse Mib	19	6.4	7	6.6	16	4.7
Mid Cap <sup>2</sup>	22	6.1	10	6.7	16	4.2
Star <sup>2</sup>	23	6.4	11	4.8	14	6.7
other	28	7.2	24	6.3	9	5.8
<i>total</i>	<i>92</i>	<i>6.6</i>	<i>52</i>	<i>6.1</i>	<i>55</i>	<i>5.2</i>

Source: Consob. Data on Italian listed companies with ordinary shares listed on Borsa Italiana spa - Mta Stock Exchange. Major institutional investors are defined as those which are subject to reporting obligations according to Consob rules (art. 119 bis, par. 7 and 8 of the Issuers Regulation) and whose shareholdings are lower than 10%. The underlying hypothesis is that investors holding more than 10% of a company's capital are not institutional. Major shareholdings disclosure thresholds have changed twice in the observed period. Firstly, asset managers holding more than 5 percent of a company's capital have been exempted from reporting obligation with Consob Resolution no. 16850, adopted on 1<sup>st</sup> April 2009. Later, with Consob Resolution no. 18214, adopted on 9<sup>th</sup> May 2012, the exemption has been widened to include also alternative funds such as private equity and venture capital. Consequently, in order to make the series comparable across time, in each year shareholdings by asset managers, private equity and venture capital are included if higher than 5%, while other investors are included if their stake is higher than 2%.<sup>1</sup> Simple mean of shareholdings by institutional investors in all listed companies where at least one institutional investor of the relevant category is present. <sup>2</sup> Companies both in the Star and in the Mid Cap indexes are included only in the Star category.

**Table 1.12 – Major institutional investors' shareholdings in Italian listed companies by industry**  
(end of June 2013)

	at least one institutional investor		at least one Italian institutional investor		at least one foreign institutional investor	
	no. of companies	mean shareholding <sup>1</sup>	no. of companies	mean shareholding <sup>1</sup>	no. of companies	mean shareholding <sup>1</sup>
financial	34	7.2	20	6.0	23	5.3
industrial	40	6.1	20	5.3	23	6.0
services	18	6.4	12	7.4	9	3.0
<i>total</i>	<i>92</i>	<i>6.6</i>	<i>52</i>	<i>6.1</i>	<i>55</i>	<i>5.2</i>

Source: Consob. Data on Italian listed companies with ordinary shares listed on Borsa Italiana spa - Mta Stock Exchange. Industry classification by Borsa Italiana spa. Major institutional investors are defined as those which are subject to reporting obligations according to Consob rules (art. 119 bis, par. 7 and 8 of the Issuers Regulation) and whose shareholdings are lower than 10%. The underlying hypothesis is that investors holding more than 10% of a company's capital are not institutional. Major shareholdings disclosure thresholds have changed twice in the observed period. Firstly, asset managers holding more than 5 percent of a company's capital have been exempted from reporting obligation with Consob Resolution no. 16850, adopted on 1<sup>st</sup> April 2009. Later, with Consob Resolution no. 18214, adopted on 9<sup>th</sup> May 2012, the exemption has been widened to include also alternative funds such as private equity and venture capital. Consequently, in order to make the series comparable across time, in each year shareholdings by asset managers, private equity and venture capital are included if higher than 5%, while other investors are included if their stake is higher than 2%.<sup>1</sup> Simple mean of shareholdings by institutional investors in all listed companies where at least one institutional investor of the relevant category is present.

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**Table 1.13 – Stakes held by major institutional investors in Italian listed companies**  
(end of the year; for 2013, end of June)

		asset managers		banks and insurance companies		private equity, venture capital and sovereign funds		total	
		no. of stakes <sup>1</sup>	mean stake <sup>2</sup>	no. of stakes <sup>1</sup>	mean stake <sup>2</sup>	no. of stakes <sup>1</sup>	mean stake <sup>2</sup>	no. of stakes <sup>1</sup>	mean stake <sup>2</sup>
2009	Italian	5	6.5	54	4.3	5	6.1	64	4.6
	foreign	27	6.5	21	3.9	6	5.7	54	5.4
	<i>all</i>	<b>32</b>	<b>6.5</b>	<b>75</b>	<b>4.2</b>	<b>11</b>	<b>5.9</b>	<b>118</b>	<b>5.0</b>
2010	Italian	5	6.3	56	4.6	9	6.4	70	5.0
	foreign	30	6.3	33	3.1	19	3.9	82	4.4
	<i>all</i>	<b>35</b>	<b>6.3</b>	<b>89</b>	<b>4.1</b>	<b>28</b>	<b>4.7</b>	<b>152</b>	<b>4.7</b>
2011	Italian	5	6.3	59	4.6	11	6.4	70	5.0
	foreign	25	5.7	24	3.3	19	3.9	68	4.3
	<i>all</i>	<b>30</b>	<b>5.8</b>	<b>83</b>	<b>4.2</b>	<b>30</b>	<b>4.8</b>	<b>143</b>	<b>4.7</b>
2012	Italian	4	5.0	58	4.5	9	6.7	71	4.8
	foreign	27	6.4	21	3.6	20	3.5	68	4.7
	<i>all</i>	<b>31</b>	<b>6.2</b>	<b>79</b>	<b>4.2</b>	<b>29</b>	<b>4.5</b>	<b>139</b>	<b>4.7</b>
2013	Italian	1	5.1	53	4.6	10	6.6	64	4.9
	foreign	21	6.8	20	3.9	25	2.6	66	4.4
	<i>all</i>	<b>22</b>	<b>6.8</b>	<b>73</b>	<b>4.4</b>	<b>35</b>	<b>3.8</b>	<b>130</b>	<b>4.6</b>

Source: Consob. Data on Italian listed companies with ordinary shares listed on Borsa Italiana spa - Mta Stock Exchange. Major institutional investors are defined as those which are subject to reporting obligations according to Consob rules (art. 119 bis, par. 7 and 8 of the Issuers Regulation) and whose shareholdings are lower than 10%. The underlying hypothesis is that investors holding more than 10% of a company's capital are not institutional. Major shareholdings disclosure thresholds have changed twice in the observed period. Firstly, asset managers holding more than 5 percent of a company's capital have been exempted from reporting obligation with Consob Resolution no. 16850, adopted on 1<sup>st</sup> April 2009. Later, with Consob Resolution no. 18214, adopted on 9<sup>th</sup> May 2012, the exemption has been widened to include also alternative funds such as private equity and venture capital. Consequently, in order to make the series comparable across time, in each year shareholdings by asset managers, private equity and venture capital are included if higher than 5%, while other investors are included if their stake is higher than 2%.<sup>1</sup> Number of stakes held by major institutional investors. <sup>2</sup> Simple mean of stakes held by major institutional investors.

**Table 1.14 – Stakes held by major institutional investors in Italian listed companies by market index**  
(end of the year; for 2013, end of June)

	Ftse Mib		Ftse Mid Cap <sup>1</sup>		Star <sup>1</sup>		other		total	
	no. of stakes <sup>2</sup>	mean stake <sup>2</sup>	no. of stakes <sup>2</sup>	mean stake <sup>2</sup>	no. of stakes <sup>2</sup>	mean stake <sup>2</sup>	no. of stakes <sup>2</sup>	mean stake <sup>2</sup>	no. of stakes <sup>2</sup>	mean stake <sup>2</sup>
2009	25	4.6	24	5.3	30	5.1	39	5.0	118	5.0
2010	39	3.7	34	4.6	35	5.0	44	5.4	152	4.7
2011	34	3.5	28	4.8	30	5.1	51	5.1	143	4.7
2012	33	3.8	30	4.7	28	5.1	48	5.2	139	4.7
2013	30	4.0	31	4.3	29	5.1	40	5.1	130	4.6

Source: Consob. Data on Italian listed companies with ordinary shares listed on Borsa Italiana spa - Mta Stock Exchange. Major institutional investors are defined as those which are subject to reporting obligations according to Consob rules (art. 119 bis, par. 7 and 8 of the Issuers Regulation) and whose shareholdings are lower than 10%. The underlying hypothesis is that investors holding more than 10% of a company's capital are not institutional. Major shareholdings disclosure thresholds have changed twice in the observed period. Firstly, asset managers holding more than 5 percent of a company's capital have been exempted from reporting obligation with Consob Resolution no. 16850, adopted on 1<sup>st</sup> April 2009. Later, with Consob Resolution no. 18214, adopted on 9<sup>th</sup> May 2012, the exemption has been widened to include also alternative funds such as private equity and venture capital. Consequently, in order to make the series comparable across time, in each year shareholdings by asset managers, private equity and venture capital are included if higher than 5%, while other investors are included if their stake is higher than 2%.<sup>1</sup> Companies both in the Star and in the Mid Cap indexes are included only in the Star category. <sup>2</sup> Number of stakes held by major institutional investors. <sup>3</sup> Simple mean of stakes held by major institutional investors.

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**Table 1.15 – Stakes held by major institutional investors in Italian listed companies by industry**  
(end of the year; for 2013, end of June)

	financial		industrial		services		total	
	no. of stakes <sup>1</sup>	mean stake <sup>2</sup>	no. of stakes <sup>1</sup>	mean stake <sup>2</sup>	no. of stakes <sup>1</sup>	mean stake <sup>2</sup>	no. of stakes <sup>1</sup>	mean stake <sup>2</sup>
2009	34	4.9	60	5.1	24	4.8	118	5.0
2010	45	4.4	85	4.8	22	4.9	152	4.7
2011	46	4.7	70	4.7	27	4.7	143	4.7
2012	52	4.7	61	4.6	26	5.3	139	4.7
2013	52	4.7	54	4.5	24	4.8	130	4.6

Source: Consob. Data on Italian listed companies with ordinary shares listed on Borsa Italiana spa - Mta Stock Exchange. Industry classification by Borsa Italiana spa. Major institutional investors are defined as those which are subject to reporting obligations according to Consob rules (art. 119 bis, par. 7 and 8 of the Issuers Regulation) and whose shareholdings are lower than 10%. The underlying hypothesis is that investors holding more than 10% of a company's capital are not institutional. Major shareholdings disclosure thresholds have changed twice in the observed period. Firstly, asset managers holding more than 5 percent of a company's capital have been exempted from reporting obligation with Consob Resolution no. 16850, adopted on 1<sup>st</sup> April 2009. Later, with Consob Resolution no. 18214, adopted on 9<sup>th</sup> May 2012, the exemption has been widened to include also alternative funds such as private equity and venture capital. Consequently, in order to make the series comparable across time, in each year shareholdings by asset managers, private equity and venture capital are included if higher than 5%, while other investors are included if their stake is higher than 2%. <sup>1</sup> Number of stakes held by major institutional investors. <sup>2</sup> Simple mean of stakes held by major institutional investors.

**Table 1.16 – Corporate groups in Italian listed companies**  
(end of 2012)

	1998		2010		2011		2012	
	weight <sup>1</sup>	% market cap <sup>2</sup>	weight <sup>1</sup>	% market cap <sup>2</sup>	weight <sup>1</sup>	% market cap <sup>2</sup>	weight <sup>1</sup>	% market cap <sup>2</sup>
horizontal group	5.1	6.1	4.0	2.0	5.4	1.8	3.2	1.5
pyramidal group	36.1	75.0	16.0	43.0	15.4	45.4	16.3	54.3
of which parent company	13.4	50.9	7.0	30.0	6.2	31.4	6.4	38.5
subsidiary	22.7	24.1	9.0	14.0	9.2	14.0	10.0	15.8
mixed group	2.8	3.2	4.0	16.0	4.6	17.1	4.4	4.5
of which parent company	0.5	2.5	1.0	11.0	1.2	11.6	1.2	3.2
subsidiary	1.9	0.5	2.0	2.0	1.9	3.0	2.0	0.5
horizontal structure	0.5	0.2	1.0	2.0	1.5	2.4	1.2	0.7
stand-alone companies	56.0	15.6	76.0	39.0	74.6	35.8	76.1	39.7

Source: Consob. Data on Italian companies with ordinary shares listed on Borsa Italiana spa - Mta Stock Exchange. Companies belonging to an horizontal groups are those under the control of a single unlisted owner and are not linked by controlling relationships; pyramidal groups are groups where at least one listed company controls another listed company; mixed groups are groups where the two previous structures combine. <sup>1</sup> Number of companies in each group in percentage of the total number of all listed companies. <sup>2</sup> Market value of ordinary shares of companies in each group in percentage of market capitalization of ordinary shares of all listed companies.

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**Table 1.17 – Separation between ownership and control in Italian listed companies belonging to pyramidal or mixed groups**  
(end of 2012)

	number of companies belonging to pyramidal or mixed groups			leverage <sup>1</sup>			wedge <sup>2</sup>		
	mean	min	max	mean	min	max	mean	min	max
1998	3.3	2.0	6.0	3.5	1.0	24.7	24.2	0.0	70.8
2010	2.9	2.0	5.0	1.9	1.0	6.5	16.8	0.0	65.7
2011	3.1	2.0	5.0	2.3	1.0	11.6	17.8	0.0	65.7
2012	3.1	2.0	5.0	2.4	1.0	13.0	18.6	0.0	65.7

Source: Consob. Data on Italian companies with ordinary shares listed on Borsa Italiana spa - Mta Stock Exchange. <sup>1</sup> Ratio between the units of capital controlled (on the basis of voting rights in ordinary shareholders' meetings) and the units of capital owned (on the basis of cash flow rights pertaining to the controlling shareholder). <sup>2</sup> Difference between the units of capital controlled (on the basis of voting rights in ordinary shareholders' meetings) and the units of capital owned (on the basis of cash flow rights pertaining to the controlling shareholder).

**Table 1.18 – Italian listed companies issuing non-voting shares**  
(end of 2012)

	savings shares			preference shares			all non-voting shares		
	no.	weight <sup>1</sup>	share of capital <sup>2</sup>	no.	weight <sup>3</sup>	share of capital <sup>4</sup>	no.	weight <sup>5</sup>	share of capital <sup>6</sup>
1992	104	36.9	10.8	25	8.9	3.2	120	42.6	14.0
1998	69	31.9	8.2	10	4.6	1.1	70	32.4	9.4
2010	36	13.3	5.3	5	1.8	1.7	37	13.7	7.0
2011	36	13.8	5.5	6	2.3	1.5	37	14.2	7.0
2012	31	12.3	4.7	3	1.2	0.2	32	12.6	4.9

Source: Consob. Data on Italian companies listed on Borsa Italiana spa - Mta Stock Exchange. <sup>1</sup> Number of companies with savings shares in percentage of the total number of listed companies. <sup>2</sup> Savings shares in percentage of the capital. <sup>3</sup> Number of companies with preference shares in percentage of the total number of listed companies. <sup>4</sup> Preference shares in percentage of the capital. <sup>5</sup> Number of companies with non-voting shares in percentage of the total number of listed companies. <sup>6</sup> Non-voting shares in percentage of the capital.

**Table 1.19 – Italian listed companies issuing non-voting shares by industry**  
(end of 2012)

	savings shares			preference shares		
	no.	weight <sup>1</sup>	share of capital <sup>2</sup>	no.	weight <sup>3</sup>	share of capital <sup>4</sup>
financial	8	14.5	2.2	3	5.5	0.5
industrial	17	12.0	1.1	--	--	--
services	6	10.7	8.2	--	--	--
<i>total</i>	<i>31</i>	<i>12.3</i>	<i>4.7</i>	<i>3</i>	<i>1.2</i>	<i>0.2</i>

Source: Consob. Data on Italian companies listed on Borsa Italiana spa - Mta Stock Exchange. Industry classification by Borsa Italiana spa. <sup>1</sup> Number of companies with savings shares in each group in percentage of the total number of listed companies included in each industry. <sup>2</sup> Savings shares in percentage of the capital. <sup>3</sup> Number of companies with preference shares in each group in percentage of the total number of listed companies included in each industry. <sup>4</sup> Preference shares in percentage of the capital.

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**1. Ownership and control structure****2. Corporate boards****3. Annual general meetings****4. Related party transactions****Table 1.20 – Ownership ceilings in Italian listed companies by industry**  
(end of 2012)

	no.	weight <sup>1</sup>	% market capitalization <sup>2</sup>
financial	10	18.5	37.0
industrial	2	1.4	41.0
services	8	14.5	47.1
<i>total</i>	<i>20</i>	<i>8.0</i>	<i>41.4</i>

Source: Consob. Data on Italian companies with ordinary shares listed on Borsa Italiana spa - Mta Stock Exchange. Industry classification by Borsa Italiana spa. <sup>1</sup> Number of companies envisaging ownership ceilings in each group in percentage of the total number of listed companies included in each industry. <sup>2</sup> Market value of ordinary shares of companies envisaging ownership ceilings in each group in percentage of the market value of ordinary shares of all companies included in each industry.

**Table 1.21 – Control enhancing mechanisms in Italian listed companies by industry**  
(end of 2012)

	no. <sup>1</sup>	weight <sup>2</sup>	% market cap <sup>3</sup>	average cash flow rights	average voting rights	average wedge
financial	13	24.1	48.4	34.1	50.7	16.6
industrial	30	21.1	26.4	33.4	51.5	18.0
services	12	21.8	35.8	27.8	52.7	24.9
<i>total</i>	<i>55</i>	<i>21.9</i>	<i>34.7</i>	<i>33.4</i>	<i>51.6</i>	<i>19.2</i>

Source: Consob. Data on Italian companies with ordinary shares listed on Borsa Italiana spa - Mta Stock Exchange. Industry classification by Borsa Italiana spa. <sup>1</sup> Number of companies controlled by another listed company and/or issuing non-voting shares. <sup>2</sup> Number of companies envisaging control enhancing mechanisms in each group in percentage of the total number of listed companies included in each industry. <sup>3</sup> Market value of ordinary shares of companies envisaging control enhancing mechanisms in each group in percentage of the market value of ordinary shares of all companies included in each industry.

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# Corporate boards

Italian listed companies largely adopt the traditional management and control system. At the end of 2012 only 8 companies out of 251 envisage an alternative system (Table 2.1).

Board size is positively correlated with firm size: Ftse Mib and Mid Cap companies present larger boards (respectively 12.3 and 13.2 members on average) compared to the average figure recorded for the whole market (about 10 members). Board size ranges from a minimum of 2 to a maximum of 25 members (Table 2.2 and Table 2.3).

As for board composition, the average number of independent directors (meeting the criteria set forth by the Corporate Governance Code and the Consolidated Finance Law) on corporate boards is higher in financial companies, followed by services and industrial firms. Among listed companies, 93 have on average 1.7 directors appointed by minority shareholders (Table 2.5 and Table 2.6).

After the first implementation of the Law 120/2011, which came into force in August 2012, data on female representation on corporate boards show better gender balance in Italian listed companies. Such Law sets a minimum threshold of one-third of the corporate board seats for members of the under-represented sex, lowered to one fifth for the first term.

In particular, female representation faced a huge increase, as shown both by the trend in the number of directorships held by women at the end of June 2013 (accounting for 17 percent of all board seats versus 7.4 percent at the end of 2011) and by the number of diverse-board companies (which in the same time period rose from 135 to 198, leading four out of five firms to have both genders represented in the board; Table 2.7).

The average number of board seats held by women is higher in Ftse Mib and Mid Cap companies (about 2.5 versus about 1.8 for other firms), while their weight on the total number of directorships in diverse-board companies ranges from about 19 percent in Ftse Mib firms to 23 percent in firms not included in any index (Table 2.8).

The breakdown of female representation by industry shows that in the financial sector there are on average 2.4 women on boards (versus almost 2 in industrial companies and utilities); conversely their relative weight within the board is slightly higher in industrial diverse-board companies (21.4 percent versus about 20 percent for financial and services companies; Table 2.9).

As for the positions held, at the end of June 2013 women on boards serve as independent directors in the majority of cases (nearly 60 percent of women directorships). The executive role is held in few cases: in particular, CEO women account for 3.2 percent of total female directorships, while the number of female directors serving as chairman, deputy chairman or member of the

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executive committee just exceeds one tenth of all female board seats. Finally, in 18 large cap firms, representing about one fourth of the market capitalization, nearly 5 percent of women on boards are appointed by minority shareholders (Table 2.10).

Due to the introduction of the Law 214/2011, multiple directorships have decreased in the financial sector. In particular, the percentage of financial companies with no interlockers on the board went from 12 to 20 percent and interlockers are now the majority of board members in only 3.7 percent of financial companies (16.9 percent in 2011; Table 2.11).

On average, each board has at least two multiple directors that represent one fifth of the board. The number and the relative weight of interlockers vary with firm size, being higher in Ftse Mib firms, where nearly four board members hold multiple directorships in other companies. As for infra versus extra-group interlocking, in 156 companies, accounting for almost 93 percent of total market capitalization, at least one director holds a board seat in a firm belonging to a different group. The presence of extra-group interlockers is particularly widespread among Ftse Mib and Mid Cap firms (Table 2.13).

As for the board committees, 215 companies established the remuneration committee, while 218 firms have the internal control and risk management committee. The nomination committee is present in a fewer number of companies (93), probably because the Corporate Governance Code did not recommend its institution (leaving the choice of its establishment to the company discretion) until its last revision at the end of 2011 (Tables 2.13-2.15).

The Corporate Governance Code recommends that at least once a year the board of directors should perform a self-evaluation of the performance of the board itself and its committees, as well as their size and composition. At the end of 2012, 177 companies declare to have performed such a board review, (accounting for 70.5 percent of the market capitalization). Only 13 companies declare to have established succession plans (8 related to directors and 5 to executives; Table 2.17).

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**Table 2.1 – Italian listed companies by management and control system**  
(end of 2012)

	2009		2010		2011		2012	
	no.	% market cap <sup>1</sup>	no.	% market cap <sup>1</sup>	no.	% market cap <sup>1</sup>	no.	% market cap <sup>1</sup>
single-tier <sup>2</sup>	4	0.1	3	0.1	3	0.1	2	0.1
two-tier <sup>3</sup>	7	11.7	7	8.3	7	8.1	6	7.5
traditional	267	88.2	260	91.7	250	91.8	243	92.4
<i>total</i>	<i>278</i>	<i>100.0</i>	<i>270</i>	<i>100.0</i>	<i>260</i>	<i>100.0</i>	<i>251</i>	<i>100.0</i>

Source: Consob. Data on Italian companies with ordinary shares listed on Borsa Italiana spa – Mta Stock Exchange. <sup>1</sup> Market value of ordinary shares of companies in each group in percentage of the market value of ordinary shares of all listed companies. <sup>2</sup> The single-tier model envisages a board of director appointed by shareholders' meeting and a management control committee made up of non-executive independent members of the board. <sup>3</sup> The two-tier model envisages a supervisory board appointed by shareholders' meeting and a management board appointed by the supervisory board.

**Table 2.2 – Average size of corporate boards in Italian listed companies**  
(end of 2012)

	board of directors	management board	supervisory board
2008	9.9	7.7	12.4
2009	9.9	7.7	12.4
2010	10.0	7.4	13.0
2011	10.2	6.5	14.3
2012 <sup>1</sup>	10.0	6.3	14.1

Source: corporate governance reports and proprietary shareholdings published in 2013 for the 2012 fiscal year of Italian companies with ordinary shares listed on Borsa Italiana spa – Mta Stock Exchange. <sup>1</sup> Figures refer to companies whose corporate governance reports and proprietary shareholdings were available (242 out of 251).

**Table 2.3 – Size of corporate boards in Italian listed companies by market index**  
(end of 2012)

	no.	% market capitalization <sup>1</sup>	no. of members <sup>2</sup>			
			mean	min	max	median
Ftse Mib	37	85.8	12.3	5	24	11
Mid Cap <sup>3</sup>	39	8.4	13.2	7	25	13
Star <sup>3</sup>	67	3.7	9.2	5	15	9
other	108	2.1	8.2	2	17	7
<i>total</i>	<i>251</i>	<i>100.0</i>	<i>9.9</i>	<i>2</i>	<i>25</i>	<i>9</i>

Source: corporate governance reports and proprietary shareholdings published in 2013 for the 2012 fiscal year of Italian companies with ordinary shares listed on Borsa Italiana spa – Mta Stock Exchange. Supervisory boards are excluded. <sup>1</sup> Market value of ordinary shares of companies in each group in percentage of market value of ordinary shares of all listed companies. <sup>2</sup> Figures refer to companies whose corporate governance reports and proprietary shareholdings were available (242 out of 251). <sup>3</sup> Companies both in the Star and in the Mid Cap indexes are included only in the Star category.



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**Table 2.4 – Size of corporate boards in Italian listed companies by industry**  
(end of 2012)

	no.	% market cap <sup>1</sup>	no. of members <sup>2</sup>			
			mean	min	max	median
financial	54	27.2	12.0	4	25	11
industrial	142	48.4	9.1	4	20	9
services	55	24.4	9.9	2	18	9
<i>total</i>	<i>251</i>	<i>100.0</i>	<i>9.9</i>	<i>2</i>	<i>25</i>	<i>9</i>

Source: corporate governance reports and proprietary shareholdings published in 2013 for the 2012 fiscal year of Italian companies with ordinary shares listed on Borsa Italiana spa - Mta Stock Exchange. Industry classification by Borsa Italiana spa. <sup>1</sup> Market value of ordinary shares of companies in group in percentage of market value of ordinary shares of all listed companies. <sup>2</sup> Figures refer to companies whose corporate governance reports and proprietary shareholdings were available (242 out of 251).

**Table 2.5 – Independent directors on corporate boards of Italian listed companies**  
(end of 2012)

	independent directors (by the Consolidated Law on Finance - Tuf)		independent directors (by the Corporate Governance Code)		independent directors (by Corporate Governance Code and/or Tuf) <sup>1</sup>	
	mean	weight <sup>2</sup>	mean	weight <sup>2</sup>	mean	weight <sup>2</sup>
financial	5.8	43.1	5.0	39.0	5.9	45.7
industrial	3.7	37.4	3.4	36.2	3.8	40.9
services	4.5	42.9	4.8	46.0	5.0	49.5
<i>total</i>	<i>4.3</i>	<i>39.9</i>	<i>4.1</i>	<i>39.1</i>	<i>4.5</i>	<i>43.9</i>

Source: corporate governance reports and proprietary shareholdings published in 2013 for the 2012 fiscal year of Italian companies with ordinary shares listed on Borsa Italiana spa - Mta Stock Exchange. Industry classification by Borsa Italiana spa. Figures refer to companies whose corporate governance reports and proprietary shareholdings were available (242 out of 251). <sup>1</sup> Directors who are independent according to both definitions are counted only once. <sup>2</sup> Percentage of independent directors on corporate boards.

**Table 2.6 – Minority directors on corporate boards of Italian listed companies**  
(end of 2012)

	companies with at least one minority director	minority directors		minority and/or independent directors <sup>1</sup>	
		mean <sup>2</sup>	weight <sup>3</sup>	mean	weight <sup>3</sup>
financial	21	0.8 (1.8)	5.7	6.2	43.4
industrial	47	0.6 (1.7)	6.3	3.8	41.7
services	25	0.8 (1.8)	8.4	5.1	44.0
<i>total</i>	<i>93</i>	<i>0.7 (1.7)</i>	<i>6.6</i>	<i>4.6</i>	<i>42.6</i>

Source: corporate governance reports and proprietary shareholdings published in 2013 for the 2012 fiscal year of Italian companies with ordinary shares listed on Borsa Italiana spa - Mta Stock Exchange. Industry classification by Borsa Italiana spa. Figures refer to companies whose corporate governance reports and proprietary shareholdings were available (242 out of 251). Figures do not include the companies adopting the two-tier system, whose supervisory boards included members appointed by minorities in 5 cases. The average number of minority directors was 3.5. <sup>1</sup> Directors who are both minority and independent are counted only once. <sup>2</sup> Mean number of minority directors. The first number is computed on all listed companies; figures in brackets are referred to the subsample of companies with at least one minority director. <sup>3</sup> Percentage of minority directors on corporate boards of all listed companies. <sup>4</sup> Percentage of minority and/or independent directors on corporate boards.

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**Table 2.7 – Female representation on corporate boards of Italian listed companies**  
(end of the year; for 2013, end of June)

	female directorship <sup>1</sup>		diverse-board companies <sup>2</sup>	
	no.	weight on total number of directorships	no.	weight on total number of companies
2008	170	5.9	126	43.8
2009	173	6.3	129	46.4
2010	182	6.8	133	49.6
2011	193	7.4	135	51.7
2012	288	11.6	169	66.8
2013	408	17.1	198	81.5

Source: Consob. Data on corporate boards of Italian companies with ordinary shares listed on Borsa Italiana spa - Mta Stock Exchange. Companies under liquidation at the reference date are excluded. <sup>1</sup> Figures refer to the board seats held by women. <sup>2</sup> Diverse-board companies are firms where at least one female director sits on the board.

**Table 2.8 – Female representation on corporate boards of Italian listed companies by market index**  
(end of June 2013)

	diverse-board companies <sup>1</sup>			average weight of women on boards	
	no. of companies	% market cap <sup>2</sup>	average no. of female directors	in all listed companies	in diverse-board companies <sup>1</sup>
Ftse Mib	33	66.9	2.5	16.3	19.3
Mid Cap <sup>3</sup>	34	86.7	2.4	18.4	20.5
Star <sup>3</sup>	54	80.8	1.8	15.0	18.9
other	77	83.9	1.9	17.9	22.8
<i>total</i>	<i>198</i>	<i>69.7</i>	<i>2.1</i>	<i>17.1</i>	<i>20.7</i>

Source: Consob. Data on corporate boards of Italian companies with ordinary shares listed on Borsa Italiana spa - Mta Stock Exchange. Companies under liquidation at the reference date are excluded. <sup>1</sup> Diverse-board companies are firms where at least one female director sits on the board. <sup>2</sup> Market value of ordinary shares of companies in each group in percentage of market value of ordinary shares of all companies included in each market index. <sup>3</sup> Companies both in the Star and in the Mid Cap indexes are included only in the Star category.

**Table 2.9 – Female representation on corporate boards of Italian listed companies by industry**  
(end of June 2013)

	diverse-board companies <sup>1</sup>			average weight of women on boards	
	no. of companies	% market cap <sup>2</sup>	average no. of female directors	in all listed companies	in diverse-board companies <sup>1</sup>
financial	49	97.7	2.4	18.4	20.3
industrial	103	56.7	2.0	16.3	21.4
services	46	61.3	1.9	16.9	19.8
<i>total</i>	<i>198</i>	<i>69.7</i>	<i>2.1</i>	<i>17.1</i>	<i>20.7</i>

Source: Consob. Data on corporate boards of Italian companies with ordinary shares listed on Borsa Italiana spa - Mta Stock Exchange; industry classification by Borsa Italiana spa. Companies under liquidation at the reference date are excluded. <sup>1</sup> Diverse-board companies are firms where at least one female director sits on the board. <sup>2</sup> Market value of ordinary shares of companies in each group in percentage of market value of ordinary shares of all companies included in each industry.

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**Table 2.10 – Positions held by female directors in Italian listed companies**  
(end of June 2013)

	female directorship <sup>1</sup>		diverse-board companies	
	no.	weight on total number of female directorships	no.	% market cap
CEO	13	3.2	12	0.7
chairman or honorary chairman	10	2.5	9	0.4
deputy chairman or member of the executive committee	33	8.1	33	8.2
independent director <sup>1</sup>	244	59.8	138	63.1
minority director	20	4.9	18	26.9

Source: Consob. Data on corporate boards of Italian companies with ordinary shares listed on Borsa Italiana spa - Mta Stock Exchange. Companies under liquidation at the reference date are excluded. <sup>1</sup> Figures refer to the board seats held by women. <sup>2</sup> Number of independent directors meeting the independence criteria set forth by the Corporate Governance Code or, if no director met the criteria of the Code, in the Consolidated Finance Law.

**Table 2.11 – Multiple directorship (interlocking) in Italian listed companies by industry – number of companies**  
(end of period)

percentage of interlockers on the board of directors	financial		industrial		services		total	
	2011	June 2013	2011	June 2013	2011	June 2013	2011	June 2013
0%	7	11	48	48	16	18	71	77
< 25%	24	20	44	42	16	16	84	78
from 25% to 50% <sup>1</sup>	18	21	33	25	15	13	66	59
from 50% to 75% <sup>1</sup>	9	2	17	19	10	6	36	27
≥ 75%	1	--	2	1	1	1	4	2
<i>total</i>	<i>59</i>	<i>54</i>	<i>144</i>	<i>135</i>	<i>58</i>	<i>54</i>	<i>261</i>	<i>243</i>

Source: Consob. Data on corporate boards of Italian companies with ordinary shares listed on Borsa Italiana spa - Mta Stock Exchange. Companies under liquidation at the reference date are excluded. <sup>1</sup> The interval includes the lower threshold.

**Table 2.12 – Multiple directorship (interlocking) in Italian listed companies by industry – market capitalization**  
(end of period)

percentage of interlockers on the board of directors	financial <sup>1</sup>		industrial <sup>1</sup>		services <sup>1</sup>		total <sup>2</sup>	
	2011	June 2013	2011	June 2013	2011	June 2013	2011	June 2013
0%	0.4	5.7	1.4	3.7	11.3	15.7	3.9	7.1
< 25%	57.4	33.7	10.1	14.2	55.4	46.5	35.1	27.5
from 25% to 50% <sup>3</sup>	7.8	60.1	62.1	48.8	19.1	31.7	35.9	48.0
from 50% to 75% <sup>3</sup>	29.9	0.5	24.2	33.2	14.1	6.0	22.8	17.3
≥ 75%	4.5	--	2.2	0.1	0.1	0.1	2.2	0.1
<i>total</i>	<i>100.0</i>	<i>100.0</i>	<i>100.0</i>	<i>100.0</i>	<i>100.0</i>	<i>100.0</i>	<i>100.0</i>	<i>100.0</i>

Source: Consob. Data on corporate boards of Italian companies with ordinary shares listed on Borsa Italiana spa - Mta Stock Exchange. Companies under liquidation at the reference date are excluded. <sup>1</sup> Market value of ordinary shares of companies in each group in percentage of market value of ordinary shares of all companies included in each industry. <sup>2</sup> Market value of ordinary shares of companies in each group in percentage of market value of ordinary shares of all listed companies. <sup>3</sup> The interval includes the lower threshold.

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**Table 2.13 – Infra and extra-group interlocking in Italian listed companies by market index**  
(end of June 2013)

	interlockers		companies with no interlocker		companies with infra-group interlockers		companies with extra-group interlockers		companies with both infra and extra-group interlockers	
	average weight <sup>1</sup>	average no.	no.	% market cap <sup>2</sup>	no.	% market cap <sup>2</sup>	no.	% market cap <sup>2</sup>	no.	% market cap <sup>2</sup>
<b>Ftse Mib</b>	32.4	4.21	2	3.4	--	--	24	65.4	13	31.2
<b>Mid Cap<sup>3</sup></b>	27.1	3.39	8	22.6	--	--	13	36.8	17	40.6
<b>Star<sup>3</sup></b>	15.5	1.51	26	36.3	--	--	39	58.9	3	4.8
<b>other</b>	17.8	1.61	41	25.1	10	17.1	36	44.1	11	13.7
<b>total</b>	<b>21.0</b>	<b>2.28</b>	<b>77</b>	<b>7.1</b>	<b>10</b>	<b>0.3</b>	<b>112</b>	<b>62.0</b>	<b>44</b>	<b>30.6</b>

Source: Consob. Data on corporate boards of Italian companies with ordinary shares listed on Borsa Italiana spa – Mta Stock Exchange. Companies under liquidation at the reference date are excluded. <sup>1</sup> Percentage of interlocking directors on total board size. <sup>2</sup> Market value of ordinary shares of companies in each group in percentage of market value of ordinary shares of all companies included in each market index. <sup>3</sup> Companies both in the Star and in the Mid Cap indexes are included only in the Star category.

**Table 2.14 – Remuneration committee in Italian listed companies by industry**  
(end of 2012)

	adopted		size and composition			average no. of meetings
	no. of companies <sup>1</sup>	% market cap <sup>2</sup>	average no. of members	average no. of women	average no. of independent directors <sup>3</sup>	
<b>financial</b>	52	99.9	3.3	0.5	2.7	4.2
<b>industrial</b>	114	98.0	3.0	0.3	2.3	2.9
<b>services</b>	49	99.7	3.0	0.3	2.3	3.6
<b>total</b>	<b>215</b>	<b>98.9</b>	<b>3.1</b>	<b>0.4</b>	<b>2.4</b>	<b>3.4</b>

Source: corporate governance reports and proprietary shareholdings published in 2013 for the 2012 fiscal year of Italian companies with ordinary shares listed on Borsa Italiana spa – Mta Stock Exchange. Industry classification by Borsa Italiana spa. Figures refer to companies whose corporate governance reports and proprietary shareholdings were available (242 out of 251). <sup>1</sup> Number of companies which have established the committee. 61 companies combined the remuneration committee with the nomination committee. <sup>2</sup> Market value of ordinary shares of companies which have established the committee in each group in percentage of market value of ordinary shares of all companies included in each industry. <sup>3</sup> Average number of independent directors meeting the independence criteria set forth by the Corporate Governance Code or, if no director met the criteria of the Code, in the Consolidated Finance Law.

**Table 2.15 – Nomination committee in Italian listed companies by industry**  
(end of 2012)

	adopted		size and composition			average no. of meetings <sup>4</sup>
	no. of companies <sup>1</sup>	% market cap <sup>2</sup>	average no. of members	average no. of women	average no. of independent directors <sup>3</sup>	
<b>financial</b>	30	94.0	4.0	0.5	2.8	5.1
<b>industrial</b>	45	72.1	3.0	0.3	2.4	3.5
<b>services</b>	18	38.7	3.1	0.3	2.5	3.7
<b>total</b>	<b>93</b>	<b>69.9</b>	<b>3.3</b>	<b>0.4</b>	<b>2.5</b>	<b>4.1</b>

Source: corporate governance reports and proprietary shareholdings published in 2013 for the 2012 fiscal year of Italian companies with ordinary shares listed on Borsa Italiana spa – Mta Stock Exchange. Industry classification by Borsa Italiana spa. Figures refer to companies whose corporate governance reports and proprietary shareholdings were available (242 out of 251). <sup>1</sup> Number of companies which have established the committee. 61 companies combined the remuneration committee with the nomination committee. <sup>2</sup> Market value of ordinary shares of companies with the committee included in each industry in percentage of the market value of ordinary shares of all companies included in each industry. <sup>3</sup> Average number of independent directors meeting the independence criteria set forth by the Corporate Governance Code or, if no director met the criteria of the Code, in the Consolidated Finance Law.

## 2

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**Table 2.16 – Internal control and risk management committee in Italian listed companies by industry**  
(end of 2012)

	adopted		size and composition			average no. of meetings
	no. of companies <sup>1</sup>	% market cap <sup>2</sup>	average no. of members	average no. of women	average no. of independent directors <sup>3</sup>	
financial	51	98.5	3.5	0.8	3.0	9.3
industrial	115	98.6	3.0	0.4	2.5	5.6
services	52	99.9	3.2	0.4	2.6	6.5
<i>total</i>	<i>218</i>	<i>98.9</i>	<i>3.2</i>	<i>0.5</i>	<i>2.7</i>	<i>6.7</i>

Source: corporate governance reports and proprietary shareholdings published in 2013 for the 2012 fiscal year of Italian companies with ordinary shares listed on Borsa Italiana spa - Mta Stock Exchange. Industry classification by Borsa Italiana spa. Figures refer to companies whose corporate governance reports and proprietary shareholdings were available (242 out of 251). <sup>1</sup> Number of companies which have established the committee. <sup>2</sup> Market value of ordinary shares of companies with the committee in each group in percentage of market value of ordinary shares of all companies included in each industry. <sup>3</sup> Average number of independent directors meeting the independence criteria set forth by the Corporate Governance Code or, if no director met the criteria of the Code, in the Consolidated Finance Law.

**Table 2.17 – Self-evaluation of the management board and succession plan in Italian listed companies by industry**  
(end of 2012)

	self-evaluation		succession plan	
	no. of companies <sup>1</sup>	weight <sup>2</sup>	no. of companies <sup>3</sup>	weight <sup>2</sup>
financial	44	17.5	3	1.2
industrial	96	38.2	7	2.8
services	37	14.7	3	1.2
<i>total</i>	<i>177</i>	<i>70.5</i>	<i>13</i>	<i>5.2</i>

Source: corporate governance reports and proprietary shareholdings published in 2013 for the 2012 fiscal year of Italian companies with ordinary shares listed on Borsa Italiana spa - Mta Stock Exchange. Industry classification by Borsa Italiana spa. Figures refer to companies whose corporate governance reports and proprietary shareholdings were available (242 out of 251). <sup>1</sup> Number of companies declaring that the board performed the self-evaluation process. <sup>2</sup> Number of companies in each group in percentage of the total number of listed companies. <sup>3</sup> Number of companies declaring the existence of a succession plan. It includes five cases in which the plan does not relate to the directors but only to executives. Moreover three companies declare to have planned to adopt a succession plan.

**Table 2.18 – Board of statutory auditors of Italian listed companies by industry**  
(end of 2012)

	average no. of members	average no. of minority auditors	average no. of meetings
financial	3.2	0.4	20.1
industrial	3.1	0.4	9.4
services	3.0	0.5	10.2
<i>total</i>	<i>3.1</i>	<i>0.4</i>	<i>11.8</i>

Source: corporate governance reports and proprietary shareholdings published in 2013 for the 2012 fiscal year of Italian companies with ordinary shares listed on Borsa Italiana spa - Mta Stock Exchange. Industry classification by Borsa Italiana spa. Figures refer to companies whose corporate governance reports and proprietary shareholdings were available (242 out of 251).

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## Annual general meetings

Records on Italian listed companies' AGMs confirm their role as a forum for corporate dialectic.

Firstly, data show that the number of investors attending AGMs is stable in the last two years (about 200 on average), as well as the number of institutional investors (about 150 on average). As for the share of capital represented at AGMs, the average percentage held by all shareholders is relatively high and constant in the examined period (66 percent), while institutional investors' share has increased. Among institutional investors, foreign institutional investors' presence has gone from 5.2 to 6.3 percent while Italians are approximately stable at around one percent (Table 3.1).

Secondly, as expected, the presence of institutional investors is particularly high in Ftse Mib and Mid Cap companies, with an average of almost 500 investors attending the AGM. The average share of capital represented by institutional investors is also significantly higher in Ftse Mib and Mid Cap companies' meetings, where it reaches 15.3 percent. Similarly to what observed for all listed companies, the most part of institutional investors attending Ftse Mib and Mid Cap AGMs is foreign. Further, Italian institutional investors are mainly concentrated in financial companies, while foreigners are concentrated both in financial and services companies (Table 3.2 and Table 3.3).

The average presence of major institutional investors at AGMs varies according to their nationality and type. In particular, in the observed period, major funds' attendance rate at AGMs has increased by nearly one percent for foreign investors and conversely decreased for Italians. As for foreign banks and insurance companies, their attendance rate goes slightly down while Italian banks and insurances follow the opposite pattern. Regarding non-major institutional investors, the key driver here appears their nationality: while foreigners increase their presence at AGMs by more than one percent, Italians slightly decrease (Table 3.4 and Table 3.5).

Evidence from 2012 AGMs shows that the Say-on-Pay mechanism (i.e. the non-binding vote on remuneration policy recently introduced by the Italian legislator) has prompted in its first implementation more than 5 percent of listed companies' shareholders attending the AGM to vote against the remuneration policy. As for 2013 AGMs, records on Italian companies illustrate that on average shareholders' dissent has gone slightly down (from 5.1 to 4.7 percent). Further, shareholders' Say-on-Pay votes vary according to investors' type: almost 30 percent of institutional investors disagree with the remuneration policy, while more than 95 percent of non-institutional investors support it (Table 3.6). Finally Say-on-Pay dissent is concentrated in Ftse Mib companies (Table 3.7), and it is relatively higher in the case of institutional investors in services companies (Table 3.8).

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The breakdown of shareholders' dissent by control model shows that it is particularly concentrated in widely held and weakly-controlled companies. Differently, when focusing on the votes cast by institutional investors only, it emerges that institutional investors vote more often against the remuneration policy in companies whose control is held through a shareholders' agreement (Table 3.9).

Finally, shareholders' Say-on-Pay dissent seems more concentrated in companies where a remuneration committee is established or a minority director is present. In the specific case of institutional investors, the same result holds only for the remuneration committee (Table 3.10).

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Table 3.1 – Attendance at the AGMs of Italian listed companies

		no. of participants		share of capital at the AGM			
		total	<i>institutional investors</i>	total	<i>institutional investors</i>	<i>Italian institutional investors</i>	<i>foreign institutional investors</i>
2012	mean	205	154	65.6	6.1	0.9	5.2
	min	1	--	17.7	0.0	0.0	0.0
	max	4,825	3,705	93.8	47.7	14.3	47.2
	median	27	10	67.9	2.1	0.0	1.0
2013	mean	198	159	66.0	7.2	0.7	6.3
	min	1	--	3.6	0.0	0.0	0.0
	max	3,886	3,850	92.9	54.5	13.2	54.4
	median	22	6	68.2	3.8	0.0	1.7

Source: data from the minutes of Italian listed companies AGMs approving the balance sheet in 2012 and 2013. Data on Italian companies with ordinary shares listed on Borsa Italiana spa - Mta Stock Exchange; cooperatives are excluded. For 2013, companies whose AGM minutes were not available at 30 September 2013 have been excluded (data on 216 companies).

Table 3.2 – Attendance at the 2013 AGMs of Italian listed companies by index

		no. of participants		share of capital at the AGM			
		total	<i>institutional investors</i>	total	<i>institutional investors</i>	<i>Italian institutional investors</i>	<i>foreign institutional investors</i>
Ftse Mib and Mid Cap	mean	601	496	69.5	15.3	0.9	14.4
	min	7	4	44.4	0.0	0.0	0.0
	max	3,886	3,850	90.5	48.6	9.5	47.6
	median	276	245	70.8	15.5	0.0	13.5
other companies	mean	28	17	64.6	3.7	0.6	2.9
	min	1	--	3.6	0.0	0.0	0.0
	max	251	238	92.9	54.5	13.2	54.4
	median	13	1	66.7	0.3	0.0	0.0

Source: data from the minutes of Italian listed companies AGMs approving the balance sheet in 2013. Data on Italian companies with ordinary shares listed on Borsa Italiana spa - Mta Stock Exchange; cooperatives are excluded. Companies whose AGM minutes were not available at 30 September 2013 have been excluded (data on 216 companies).



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**Table 3.3 – Attendance at the 2013 AGMs of Italian listed companies by industry**

		no. of participants		share of capital at the AGM			
		total	institutional investors	total	institutional investors	Italian institutional investors	foreign institutional investors
financial	mean	278	193	64.3	9.2	1.6	7.1
	min	2	--	29.3	0.0	0.0	0.0
	max	3,453	1,925	92.9	44.1	13.2	42.0
	median	32	10	65.7	5.1	0.0	2.4
industrial	mean	151	139	67.3	6.2	0.4	5.8
	min	1	--	17.7	0.0	0.0	0.0
	max	3,886	3,850	91.1	48.6	9.5	47.6
	median	16	4	68.9	2.3	0.0	1.6
services	mean	249	182	64.3	7.9	0.8	7.0
	min	1	--	3.6	0.0	0.0	0.0
	max	3,425	1,544	90.5	54.5	9.0	54.4
	median	53	34	68.9	3.8	0.0	1.9

Source: data from the minutes of Italian listed companies AGMs approving the balance sheet in 2013. Data on Italian companies with ordinary shares listed on Borsa Italiana spa - Mta Stock Exchange; cooperatives are excluded. Companies whose AGM minutes were not available at 30 September 2013 have been excluded (data on 216 companies). Industry classification by Borsa Italiana spa.

**Table 3.4 – Attendance of major institutional investors at the AGMs of Italian listed companies**

		Italian major institutional investors		foreign major institutional investors	
		share on total capital <sup>1</sup>	share on capital at the AGM <sup>2</sup>	share on total capital <sup>1</sup>	share on capital at the AGM <sup>2</sup>
2012	investment funds <sup>3</sup>	2.3	3.6	4.1	6.1
	banks and insurance companies	3.9	5.9	0.6	0.8
	<i>no. of companies</i>		29		49
2013	investment funds <sup>3</sup>	0.8	1.3	4.9	7.2
	banks and insurance companies	4.5	6.7	0.4	0.7
	<i>no. of companies</i>		23		58

Source: data from the minutes of Italian listed companies AGMs approving the balance sheet in 2012 and 2013 where at least one major Italian/foreign institutional investor attended the meeting. Major institutional investors are here defined as those which are either investment funds or banks and insurance companies and reported a stake lower than 10% to Consob in compliance with major shareholdings disclosure obligations. The underlying hypothesis is that investors holding more than 10% of a company's capital are not institutional. Data on Italian companies with ordinary shares listed on Borsa Italiana spa - Mta Stock Exchange; cooperatives are excluded. For 2013, companies whose AGM minutes were not available at 30 September 2013 have been excluded (data on 216 companies). <sup>1</sup> Ordinary shares on ordinary total capital. <sup>2</sup> Ordinary shares on ordinary capital represented at the AGM. <sup>3</sup> Investment funds comprise asset managers (pension funds included) and other funds such as private equity, venture capital and sovereign funds.

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**Table 3.5 – Attendance of non-major institutional investors at the AGMs of Italian listed companies**

	Italian non-major institutional investors		foreign non-major institutional investors	
	share on total capital <sup>1</sup>	share on capital at the AGM <sup>2</sup>	share on total capital <sup>1</sup>	share on capital at the AGM <sup>2</sup>
2012				
investment funds <sup>3</sup>	0.3	0.5	5.8	9.1
banks and insurance companies	0.8	1.3	0.4	0.7
<i>no. of companies</i>		49		162
2013				
investment funds <sup>3</sup>	0.3	1.2	7.1	10.8
banks and insurance companies	0.4	0.8	0.6	0.9
<i>no. of companies</i>		38		137

Source: data from the minutes of Italian listed companies AGMs approving the balance sheet in 2012 and 2013 where at least one Italian/foreign non-major institutional investor attended the meeting. Non-major institutional investors are here defined as banks, insurance companies or investment funds which are not subject to Consob major shareholdings disclosure obligations. Data on Italian companies with ordinary shares listed on Borsa Italiana spa - Mta Stock Exchange; cooperatives are excluded. For 2013, companies whose AGM minutes were not available at 30 September 2013 have been excluded (data on 216 companies). <sup>1</sup> Ordinary shares on ordinary total capital. <sup>2</sup> Ordinary shares on ordinary capital represented at the AGM. <sup>3</sup> Investment funds comprise asset managers (pension funds included) and other funds such as private equity, venture capital and sovereign funds.

**Table 3.6 – Shareholders' say-on-pay at the AGMs of Italian listed companies**

		institutional investors			other investors		
		share on total capital <sup>2</sup>	share on capital at the AGM <sup>2</sup>	share on institutional votes <sup>4</sup>	share on total capital <sup>2</sup>	share on capital at the AGM <sup>3</sup>	share on other investors votes <sup>4</sup>
2012	yes	4.5	7.2	71.9	64.5	87.2	96.8
	no <sup>1</sup>	1.6	2.7	28.0	0.9	2.4	2.7
2013	yes	5.2	8.4	72.0	57.2	86.9	98.2
	no <sup>1</sup>	1.9	2.9	27.7	1.0	1.8	1.9

Source: elaborations on data from the minutes of Italian listed companies AGMs approving the balance sheet in 2012 and 2013. Data on Italian companies with ordinary shares listed on Borsa Italiana spa - Mta Stock Exchange; cooperatives are excluded. For 2013, companies whose list of attendants at the AGM say-on-pay vote was not available at 30 September 2013 have been excluded (data on 212 companies). <sup>1</sup> Shareholder dissent-votes against the remuneration policy plus abstentions. <sup>2</sup> Ordinary shares on ordinary total capital. <sup>3</sup> Ordinary shares on ordinary capital represented at the AGM. <sup>4</sup> Ordinary shares on total votes by institutional investors/other investors.

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**Table 3.7 – Shareholders' say-on-pay at the AGMs of Italian listed companies by market index**

		total dissent <sup>2</sup>		institutional investors dissent on total votes <sup>3</sup>		institutional investors dissent on total votes by institutional investors <sup>4</sup>	
		mean	max	mean	max	mean	max
2012	Ftse Mib	11.9	51.7	10.3	37.3	37.6	83.4
	Mid Cap <sup>1</sup>	4.8	33.8	3.0	21.8	27.5	92.7
	Star <sup>1</sup>	3.2	38.9	2.1	34.2	21.8	100.0
	other	4.1	84.2	1.2	13.2	28.3	100.0
	<i>total</i>	<i>5.1</i>	<i>84.2</i>	<i>3.6</i>	<i>37.3</i>	<i>28.0</i>	<i>100.0</i>
2013	Ftse Mib	9.5	39.2	9.2	39.2	31.7	85.3
	Mid Cap <sup>1</sup>	4.7	25.0	3.8	25.0	26.4	97.7
	Star <sup>1</sup>	2.4	34.6	3.1	34.6	26.7	100.0
	other	4.6	98.9	1.4	12.6	26.8	100.0
	<i>total</i>	<i>4.7</i>	<i>98.9</i>	<i>4.1</i>	<i>39.2</i>	<i>27.7</i>	<i>100.0</i>

Source: elaborations on data from the minutes of Italian listed companies AGMs approving the balance sheet in 2012 and 2013. Data on Italian companies with ordinary shares listed on Borsa Italiana spa - Mta Stock Exchange; cooperatives are excluded. For 2013, companies whose list of attendants at the AGM say-on-pay vote was not available at 30 September 2013 have been excluded (data on 212 companies). <sup>1</sup> Companies both in the Star and in the Mid Cap indexes are included only in the Star category. <sup>2</sup> Shareholder dissent-votes against the remuneration policy plus abstentions divided by total votes. <sup>3</sup> Institutional investors dissent-votes against the remuneration policy plus abstentions divided by total votes. <sup>4</sup> Institutional investors dissent-votes against the remuneration policy plus abstentions divided by total votes by institutional investors.

**Table 3.8 – Shareholders' say-on-pay at the AGMs of Italian listed companies by industry**

		total dissent <sup>1</sup>		institutional investors dissent on total votes <sup>2</sup>		institutional investors dissent on total votes by institutional investors <sup>3</sup>	
		mean	max	mean	max	mean	max
2012	financial	4.9	66.9	2.7	21.8	20.3	100.0
	industrial	4.5	84.2	3.5	37.3	26.7	100.0
	services	6.7	55.1	4.6	34.2	36.7	100.0
2013	financial	6.2	98.9	3.5	25.0	19.6	97.7
	industrial	4.2	85.5	3.9	39.2	28.6	100.0
	services	4.6	34.6	5.1	34.6	33.2	100.0

Source: elaborations on data from the minutes of Italian listed companies AGMs approving the balance sheet in 2012 and 2013. Data on Italian companies with ordinary shares listed on Borsa Italiana spa - Mta Stock Exchange; cooperatives are excluded. For 2013, companies whose list of attendants at the AGM say-on-pay vote was not available at 30 September 2013 have been excluded (data on 212 companies). Industry classification by Borsa Italiana spa. <sup>1</sup> Shareholder dissent-votes against the remuneration policy plus abstentions divided by total votes. <sup>2</sup> Institutional investors dissent-votes against the remuneration policy plus abstentions divided by total votes. <sup>3</sup> Institutional investors dissent-votes against the remuneration policy plus abstentions divided by total votes by institutional investors.

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**Table 3.9 – Shareholders' say-on-pay at the 2013 AGMs of Italian listed companies by control model**

control model	total dissent <sup>1</sup>		institutional investors dissent on total votes <sup>2</sup>		institutional investors dissent on total votes by institutional investors <sup>3</sup>	
	mean	max	mean	max	mean	max
majority controlled	2.8	36.6	3.3	24.9	28.5	100.0
weakly controlled	9.2	85.5	6.8	39.2	23.4	100.0
companies controlled by a shareholders' agreement	2.8	32.1	3.1	31.4	35.4	100.0
widely held	19.1	98.8	7.9	34.6	27.2	100.0
non-widely held	2.4	17.5	1.6	8.9	7.9	33.9

Source: elaborations on data from the minutes of Italian listed companies AGMs approving the balance sheet in 2013. Data on Italian companies with ordinary shares listed on Borsa Italiana spa - Mta Stock Exchange; cooperatives are excluded. Companies whose list of attendants at the AGM say-on-pay vote was not available at 30 September 2013 have been excluded (data on 212 companies). <sup>1</sup> Shareholder dissent-votes against the remuneration policy plus abstentions divided by total votes. <sup>2</sup> Institutional investors dissent-votes against the remuneration policy plus abstentions divided by total votes. <sup>3</sup> Institutional investors dissent-votes against the remuneration policy plus abstentions divided by total votes by institutional investors.

**Table 3.10 – Shareholders' say-on-pay at the 2013 AGMs of Italian listed companies by some board features**

existence of some board characteristics		total dissent <sup>1</sup>		institutional investors dissent on total votes <sup>2</sup>		institutional investors dissent on total votes by institutional investors <sup>3</sup>	
		mean	max	mean	max	mean	max
remuneration committee	yes	5.0	98.9	4.2	39.2	27.6	100.0
	no	2.7	36.6	2.2	11.4	29.5	100.0
minority director	yes	6.5	98.9	3.8	39.2	17.7	100.0
	no	3.5	35.7	4.2	34.6	34.8	100.0
independent directors >50%	yes	4.3	39.2	4.3	39.2	25.6	100.0
	no	4.9	98.9	4.0	31.4	29.0	100.0

Source: elaborations on data from the minutes of Italian listed companies AGMs approving the balance sheet in 2013. Data on Italian companies with ordinary shares listed on Borsa Italiana spa - Mta Stock Exchange; cooperatives are excluded. Companies whose list of attendants at the AGM say-on-pay vote was not available at 30 September 2013 have been excluded (data on 212 companies). <sup>1</sup> Shareholder dissent-votes against the remuneration policy plus abstentions divided by total votes. <sup>2</sup> Institutional investors dissent-votes against the remuneration policy plus abstentions divided by total votes. <sup>3</sup> Institutional investors dissent-votes against the remuneration policy plus abstentions divided by total votes by institutional investors.

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## Related party transactions

In March 2010 Consob enacted a Regulation on Related Party Transactions (hereinafter RPTs) covering both approval and disclosure requirements to be followed by listed companies in dealing with their insiders. Such requirements are graduated according to the magnitude of the transaction (i.e. its materiality, as a result of a significance test set forth by the Regulation), to the risk of minority exploitation and to companies' size.

The Regulation allows companies to set up their own procedures with some degree of flexibility in the identification of RPTs, in particular with regard to the definition of material RPTs<sup>1</sup>, subject to strengthened approval and disclosure requirements on the one side, and of small amount transactions, to be exempted from all requirements, on the other.

In the first adoption of the new rules very few firms, mainly large caps, chose to enlarge the scope of the requirements by defining a lower-than-default threshold to identify material RPTs (8 firms out of the 125 companies subject to the full set of provisions set forth by the Regulation, representing 12.3 percent in terms of market value).<sup>2</sup>

On the opposite, in identifying small amount transactions, two firms out of three defined a single threshold in terms of consideration of the transaction (86 firms representing nearly 40 percent of the sample market value). A few large companies (22.4 percent of the sample representing close to half of its total market value) defined an additional lower threshold for transactions entered into with individuals, possibly taking into account the importance of the transaction for the counterparty.

Further, the Regulation grants companies some degrees of freedom in the definition of the approval requirements to be followed when entering into RPTs, in particular with regard to the possibility to overcome a (negative) binding opinion by independent directors on material RPTs, to the approval exemptions in case of urgency and to the set-up of budget limits to the external advice that independent directors may seek on transactions below the materiality threshold.

For a considerable number of companies (43 firms, representing the majority of the sample in terms of market value) the binding opinion to be provided by independent directors on material RPTs cannot be overcome by an *ad hoc* resolution by the shareholder meeting. Differently, most companies

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<sup>1</sup> Material transactions are identified as a result of three materiality indices defined in Annex 3 of the Regulation. The default threshold above which a transaction is to be considered as material is 5% (or 2.5% in case of transactions with the parent company in pyramidal groups); however companies may define in their procedures lower materiality thresholds.

<sup>2</sup> Data on the first adoption of procedures are drawn from a research by Bianchi, M., Ciavarella, A., Enriques, L., Novembre, V. and Signoretti, R. (2013), "Regulation and Self-Regulation of Related Party Transactions in Italy: An Empirical Analysis", forthcoming in Consob - Quaderni di Finanza. The analysis covers the 125 Italian listed companies that at the time of the first adoption of the Regulation were subject to the full set of its provisions (i.e. firms other than newly-listed and smaller companies eligible for the waiver set forth by Article 10 of the Regulation).

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(overall 82 firms) have taken advantage of the possibility that the board may still submit a material transaction vetoed by independent directors to the approval by the majority of minority shareholders (whitewash). In most cases (60 firms) the procedures set the minimum percentage of unrelated shareholders to be present at the general meeting for the whitewash to apply at the highest possible level (10 percent of the share capital), while fewer companies submit the resolution to the favorable vote of unrelated shareholders regardless of their ownership.

Looking at other approval provisions, in nearly half of the cases the procedures have not implemented the urgency exemptions granted by the Regulation and most companies (77 firms representing over 80 percent of the sample capitalization) have not fixed any budget limit to the external advice that independent directors may seek also in RPTs below the materiality threshold (Table 4.1).

The new regime has led to in-depth disclosure on a considerable number of material RPTs. Nearly 80 transactions a year, quite frequently entered into by a same company, were reported by issuing an *ad hoc* circular in 2011 and 2012; in the first semester of 2013, 35 material RPTs were disclosed to the market. Companies that entered into such transactions are in two cases out of three small-sized and more frequently operate in the financial or industrial sectors (Table 4.2 and Table 4.3).

Transactions are classified according to the tunneling taxonomy developed by Atanasov et al. (2008)<sup>3</sup>, which looks at the nature of the resource that is transferred in a given transaction to the possible benefit of the company's insiders.

Transactions concerning a portion of companies' cash flow but not affecting long-term productive assets (cash flow tunneling) represent the majority of RPTs disclosed from 2011 until June 2013 (overall 55.2 percent of material RPTs); such transactions mainly take place as financing and more rarely as sponsorship or other contracts. Nearly one transaction out of four involves the transfer of major long-term assets thus influencing firms' productive capacity. Finally, almost 20 percent of material RPTs enable the related party to rearrange ownership claims over the firm (equity tunneling): so can be classified reserved capital increase, mergers and other transactions that increase the relative importance of the insider's shareholding.

Further analysis looks at the related counterparty of the transactions. Almost 80 percent of all RPTs have been entered into with the controlling agent or with other shareholders exerting significant influence over the company, while 13.4 percent have involved subsidiary or associate companies. Finally, very few RPTs (7.2 percent of the total) have been entered into with non-shareholder directors or key managers or with their businesses (Table 4.4).

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<sup>3</sup> Atanasov, V.A., Black, B.S. and Ciccotello, C.S., (2008), Unbundling and Measuring Tunneling, University of Texas School of Law, Law and Economics Research Paper No. 117.

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Data on the subset of transactions disclosed in the first semester of 2013 confirm the previous evidence. Material RPTs, by and large involving companies' cash flow, were entered into with controlling or significant shareholders. In only three transactions on the total of 35 (8.6 percent of cases) the counterparty is a director and the transaction involves either financing or investment resolutions (Table 4.5).

Moreover, data on material RPTs in the ordinary course of business entered into at arm's length terms are reported. Such transactions may be exempted from approval and disclosure requirements in light of the limited risk of minority exploitation.

From the beginning of 2011 until the end of June 2013, 72 material RPTs in the ordinary course of business were reported to Consob. Such transactions very often (two cases out of three in 2012 and 2013) involve large caps, namely companies included in the Ftse Mib index (Table 4.6). Further, reporting companies operate in all industries, and particularly in the utilities (Table 4.7).

In the majority of cases the transaction falls among the operating activities of the listed company (e.g. the supply of typical goods and services for non financial companies), financing or similar contracts for banks (respectively, 38.9 and 30.6 percent of all material RPTs in the ordinary course of business). Moreover, various funding transactions regarding non-banking listed firms are deemed as in the ordinary course of business as well, apparently since they are closely related to operating business (26.4 percent of the total). Material RPTs in the ordinary course of business mostly occur with controlling or major shareholders (on average 80.6 percent of cases); residual counterparties are subsidiaries or associates and directors (Table 4.8).

Finally, the few ordinary transactions reported in the first half of 2013 equally involve the supply of services to related businesses (owned either by the controlling agent or by the listed company itself), financing by banks towards subsidiaries or associates and infra-group funding in non-banking listed companies (Table 4.9).

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Table 4.1 – First adoption of Consob Regulation no. 17221/2010 with respect to a few key provisions

regulatory provision	no. of companies	weight on total no. of firms <sup>1</sup>	% market cap <sup>1</sup>
<b>IDENTIFICATION OF RELATED PARTY TRANSACTIONS</b>			
<b>provision of a materiality threshold lower than that defined in the regulation (5% or 2.5% for pyramids)<sup>2</sup></b>			
lower-than-default threshold	8	6.4	12.3
regulatory threshold	117	93.6	87.7
<b>identification of small transactions to be exempted from the regulation<sup>3</sup></b>			
default and reduced threshold for transactions with individuals	28	22.4	46.9
single threshold	86	68.8	39.9
plurality of thresholds	11	8.8	13.1
<b>APPROVAL REQUIREMENTS FOR RELATED PARTY TRANSACTIONS</b>			
<b>binding vs. non binding opinion by independent directors on material RPTs<sup>4</sup></b>			
binding opinion	43	34.4	54.1
non binding opinion, whitewash applies with any percentage of unrelated shareholders represented at the general meeting	20	16.0	12.3
non binding opinion, whitewash applies with unrelated shareholders representing less than 10% of the share capital	2	1.6	0.1
non binding opinion, whitewash applies with unrelated shareholders representing 10% of the share capital	60	48.0	33.5
<b>urgency exemption<sup>5</sup></b>			
not envisaged	59	47.2	59.7
applying only for general meeting resolutions in case of financial distress	4	3.2	0.5
applying only for board resolutions	36	28.8	28.6
applying for both general meeting and board resolutions	26	20.8	11.2
<b>budget limits for external independent advice in non-material RPTs<sup>6</sup></b>			
no limits	77	61.6	83.9
limits	48	38.4	16.1

Source: Bianchi, M., Ciavarella, A., Enriques, L., Novembre, V. and Signoretti, R. (2013), "Regulation and Self-Regulation of Related Party Transactions in Italy: An Empirical Analysis", forthcoming in Consob - Quaderni di Finanza. Data on RPTs procedures adopted by the 125 Italian listed companies that at the time of the first adoption of Regulation no. 17221/2010 were subject to the full set of its provisions (i.e. listed companies other than newly-listed and smaller companies eligible for the waiver set forth by Article 10 of the Regulation). <sup>1</sup> The ratios refer to companies included in the analysis. <sup>2</sup> With regard to the identification of material RPTs, companies that refer to the threshold for the materiality indices set by the Regulation (5% or 2.5% in case of a pyramids) are classified separately from companies that have set in their procedures a lower materiality threshold. <sup>3</sup> The Regulation grants the possibility of a full exemption for RPTs of small size, to be identified by setting a de minimis amount below which a transaction is qualified as small. Companies are classified according to whether they set a single default threshold, an additional reduced threshold for transactions with individuals or a plurality of thresholds depending on the type of transaction. <sup>4</sup> The analysis looks at how companies have enacted the provision regarding the possibility to overcome the (negative) binding opinion by the committee of independent directors over material RPTs provided that the majority of non-interested shareholders at the general meeting approve it (whitewash). Exemptions from the default rule are classified according to the percentage of minority shareholders that the procedures set as necessary for the whitewash to be effective. <sup>5</sup> Companies are classified according to whether they implemented the approval exemptions in case of urgency, i.e. that applying to any transaction falling under the directors' or executives' authority, that referring to transactions to be approved by the general meeting of companies in financial distress or both urgency exemptions. <sup>6</sup> Companies are classified according to whether they have set budget limits for the fairness opinions that independent directors may request when a transaction is below the materiality threshold.



## 2

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## 4. Related party transactions

**Table 4.2 – Material related party transactions disclosed by Italian listed companies by market index**  
(end of the year; for 2013, end of June)

	2011				2012				2013			
	transactions		companies		transactions		companies		transactions		companies	
	no.	weight	no.	weight	no.	weight	no.	weight	no.	weight	no.	weight
Ftse Mib	6	7.5	9	7.1	6	7.6	4	9.8	4	11.4	4	14.3
Mid Cap <sup>1</sup>	13	16.3	7	16.7	14	17.7	10	24.4	5	14.3	4	14.3
Star <sup>1</sup>	9	11.3	7	16.7	5	6.3	4	9.8	1	2.9	1	3.6
other	52	65.0	25	59.5	54	68.4	23	56.1	25	71.4	19	97.9
<i>total</i>	<i>80</i>	<i>100.0</i>	<i>42</i>	<i>100.0</i>	<i>79</i>	<i>100.0</i>	<i>41</i>	<i>100.0</i>	<i>35</i>	<i>100.0</i>	<i>28</i>	<i>100.0</i>

Source: Consob. Data on Italian companies listed on Borsa Italiana spa - Mta Stock Exchange. <sup>1</sup> Companies both in the Star and in the Mid Cap indexes are included only in the Star category.

**Table 4.3 – Material related party transactions disclosed by Italian listed companies by industry**  
(end of the year; for 2013, end of June)

	2011				2012				2013			
	transactions		companies		transactions		companies		transactions		companies	
	no.	weight	no.	weight	no.	weight	no.	weight	no.	weight	no.	weight
financial	39	48.8	15	35.7	43	54.4	17	41.5	15	42.9	10	35.7
industrial	24	30.0	16	38.1	17	21.5	14	34.1	13	37.1	13	46.4
services	17	21.2	11	26.2	19	24.1	10	24.4	7	20.0	5	17.9
<i>total</i>	<i>80</i>	<i>100.0</i>	<i>42</i>	<i>100.0</i>	<i>79</i>	<i>100.0</i>	<i>41</i>	<i>100.0</i>	<i>35</i>	<i>100.0</i>	<i>28</i>	<i>100.0</i>

Source: Consob. Data on Italian companies listed on Borsa Italiana spa - Mta Stock Exchange; industry classification by Borsa Italiana spa.

**Table 4.4 – Material related party transactions disclosed by Italian listed companies according to transaction and counterparty**  
(end of the year; for 2013, end of June)

	object <sup>1</sup>			counterparty		
	asset <sup>2</sup>	cash flow <sup>2</sup>	equity <sup>2</sup>	controlling or major shareholder <sup>2</sup>	subsidiary or associate company <sup>2</sup>	director <sup>2</sup>
2011	25.0	56.3	18.8	75.0	17.5	7.5
2012	22.8	54.4	22.8	78.5	15.2	6.3
2013	34.3	54.3	11.4	91.4	-	8.6
<i>total</i>	<i>25.8</i>	<i>55.2</i>	<i>19.1</i>	<i>79.4</i>	<i>13.4</i>	<i>7.2</i>

Source: Consob. Data on companies listed on Borsa Italiana spa - Mta Stock Exchange. <sup>1</sup> The transaction classification is based on the tunneling taxonomy developed by Atanasov, Black and Ciccotello (2008). Cash flow tunneling involves the company's cash flow but does not affect long-term productive assets (e.g. purchase/sale of inputs or outputs, loans). Asset tunneling consists of the transfer of major long-term assets from or to the firm, with a long term effect on its cash-generating capacity. Equity tunneling increases the controller's share of the firm's value compared to that of minority shareholders (e.g. mergers with related parties, reserved capital increase). <sup>2</sup> Percentage of material RPTs falling in the relevant category on the total number of material RPTs disclosed in the relevant year.

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**Table 4.5 – Material related party transactions disclosed by Italian listed companies in the first half of 2013 according to transaction and counterparty**

object <sup>1</sup>	counterparty				total <sup>2</sup>
	controlling or major shareholder <sup>2</sup>	subsidiary or associate company <sup>2</sup>	director <sup>2</sup>		
asset	31.4	--	2.9		34.3
cash flow	48.6	--	5.7		54.9
equity	11.4	--	--		11.4
<i>total</i>	<i>91.4</i>	<i>--</i>	<i>8.6</i>		<i>100.0</i>

Source: Consob. Data on companies listed on Borsa Italiana spa – Mta Stock Exchange. <sup>1</sup> The transaction classification is based on the tunneling taxonomy developed by Atanasov, Black and Ciccotello (2008). Cash flow tunneling involves the company's cash flow but does not affect long-term productive assets (e.g. purchase/sale of inputs or outputs, loans). Asset tunneling consists of the transfer of major long-term assets from or to the firm, with a long term effect on its cash-generating capacity. Equity tunneling increases the controller's share of the firm's value compared to that of minority shareholders (e.g. mergers with related parties, reserved capital increase). <sup>2</sup> Percentage of material RPTs falling in the relevant category on the total number of material RPTs disclosed in the first semester of 2013.

**Table 4.6 – Material related party transactions in the ordinary course of business exempted from disclosure and approval requirements by market index**

(end of the year; for 2013, end of June)

	2011				2012				2013			
	transactions		companies		transactions		companies		transactions		companies	
	no.	weight	no.	weight	no.	weight	no.	weight	no.	weight	no.	weight
Ftse Mib	14	36.8	4	21.1	20	71.4	6	46.2	4	66.7	3	60.0
Mid Cap <sup>1</sup>	4	10.5	4	21.1	1	3.6	1	7.7	1	16.7	1	20.0
Star <sup>1</sup>	1	2.6	1	5.3	3	10.7	3	23.1	1	16.7	1	20.0
other	19	50.0	10	52.6	4	14.3	3	23.1	--	--	--	--
<i>total</i>	<i>38</i>	<i>100.0</i>	<i>19</i>	<i>100.0</i>	<i>28</i>	<i>100.0</i>	<i>13</i>	<i>100.0</i>	<i>6</i>	<i>100.0</i>	<i>5</i>	<i>100.0</i>

Source: Consob. Data on Italian companies listed on Borsa Italiana spa – Mta Stock Exchange. <sup>1</sup> Companies both in the Star and in the Mid Cap indexes are included only in the Star category.

**Table 4.7 – Material related party transactions in the ordinary course of business exempted from disclosure and approval requirements by industry**

(end of the year; for 2013, end of June)

	2011				2012				2013			
	transactions		companies		transactions		companies		transactions		companies	
	no.	weight	no.	weight	no.	weight	no.	weight	no.	weight	no.	weight
financial	9	23.7	6	31.6	8	28.6	4	30.8	2	33.3	1	20.0
industrial	13	34.2	7	36.8	7	25.0	5	38.5	2	33.3	2	40.0
services	16	42.1	6	31.6	13	46.4	4	30.8	2	33.3	2	40.0
<i>total</i>	<i>38</i>	<i>100.0</i>	<i>19</i>	<i>100.0</i>	<i>28</i>	<i>100.0</i>	<i>13</i>	<i>100.0</i>	<i>6</i>	<i>100.0</i>	<i>5</i>	<i>100.0</i>

Source: Consob. Data on Italian companies listed on Borsa Italiana spa – Mta Stock Exchange. Industry classification by Borsa Italiana spa.

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**Table 4.8 – Material related party transactions in the ordinary course of business exempted from disclosure and approval requirements according to nature of the transaction and counterparty**  
(end of the year; for 2013, end of June)

	nature of the transaction				counterparty		
	supply of goods and services <sup>1</sup>	financing/ financial services by banks <sup>1</sup>	financing by other companies	other transfers <sup>1</sup>	controlling or major shareholder <sup>1</sup>	subsidiary or associate company <sup>1</sup>	director <sup>1</sup>
2011	50.0	31.6	18.4	--	86.8	2.6	10.5
2012	25.0	28.6	35.7	10.7	78.6	14.3	7.1
2013	33.3	33.3	33.3	--	50.0	50.0	--
<i>total</i>	<i>38.9</i>	<i>30.6</i>	<i>26.4</i>	<i>4.2</i>	<i>80.6</i>	<i>11.1</i>	<i>8.3</i>

Source: Consob. Data on Italian companies listed on Borsa Italiana spa - Mta Stock Exchange. <sup>1</sup> Percentage of RPTs falling in the relevant category on the total number of material RPTs in the ordinary course of business reported to Consob in the relevant year.

**Table 4.9 – Material related party transactions in the ordinary course of business exempted from disclosure and approval requirements in the first half of 2013 according to nature of the transaction and counterparty**

nature of the transaction	counterparty			
	controlling or major shareholder <sup>1</sup>	subsidiary or associate company <sup>1</sup>	director <sup>1</sup>	total <sup>1</sup>
supply of goods and services	16.7	16.7	--	33.3
financing/financial services by banks	--	33.3	--	33.3
financing by other companies	33.3	--	--	33.3
<i>total</i>	<i>50.0</i>	<i>50.0</i>	<i>--</i>	<i>100.0</i>

Source: Consob. Data on companies listed on Borsa Italiana spa - Mta Stock Exchange. <sup>1</sup> Percentage of material RPTs falling in the relevant category on the total number of material RPTs in the ordinary course of business reported to Consob in the first semester of 2013.